Daily Report

Latin America

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NOTICE TO READERS: An • indicates material not disseminated in electronic form.

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Cuba

Vice President Discusses U.S. Relations

PA2510182090 Havana International Service in Spanish 0100 GMT 25 Oct 90

["Excerpt" of interview with Vice President Carlos Rafael Rodriguez by Pedro Martinez Pirez at the Council of Ministers in Havana on 23 October—recorded]

[Text] [Martinez] During the Group of Rio meeting, a Latin American president—namely, Venezuelan President Carlos Andres Perez—issued a new appeal to the United States and Cuba, urging them to normalize relations. Dr. Rodriguez, on what basis could relations between Cuba and the United States be normalized?

[Rodriguez] We have not broken relations with the United States. The United States has tried to impose its policies on us for 30 years....[corrects himself] for over 30 years; its military aggressions are well known. President Kennedy decreed a brutal blockade. He personally tried to rectify this, and I think his death had a lot to do with the changes in the U.S. attitude toward Cuba.

We have maintained a dignified and firm stand. We have tried to solve our problems through our relations with the Soviet Union, European socialist and capitalist countries, and Japan. We can say that the U.S. economic blockade against Cuba has failed because it has not been able to convince its own allies to join the blockade. When the United States tried to prevent trade with Cuba, the EEC countries and Japan traded with Cuba; therefore, the United States has failed.

We feel no hostility toward the U.S. people; we feel hostile toward U.S. imperialism and U.S. leaders who have struggled against Cuba. Even the U.S. presidents, both Democrats and Republicans, have tried to impose a policy, but they have failed. Some of them have tried to improve the situation. Carter began to do so, but he was replaced by the Reagan administration, which was one of the most hostile administrations toward the Cuban Government.

We must admit that Bush has been as hostile as Reagan. This was not expected, but Bush's statements, through his son, to the colony of immigrants in Florida has been an insurmountable obstacle in the development of our relations.

We....[changes thought] Our conditions are as follows: First, the blockade must be lifted. This is fundamental. Then we must have normal relations based on mutual respect. The Guantanamo problem must be discussed, and respectful relations must prevail between our two countries. We impose no conditions. We can have strictly formal relations with the United States, but we can also have friendly relations; we can be friends. There is nothing to prevent the friendship between the Cuban people and the U.S. people, who have been linked together throughout history.

When U.S. athletes come here, the welcome they are given proves how our people think about the U.S. people. We want them to lose, of course; we do not want them to win, but we treat them with respect. When U.S. scientists come here, they see what kind of relations prevail between our country and the United States, from the people's point of view. It is the U.S. leaders who have had a hostile policy, and they must modify it.

We do not need the United States. We have said that we can live without the United States. We have been against the United States, but we would like to live with the United States.

[Martinez] You mentioned President Bush and President Bush's son, and his ties with a group of Cuban immigrants in Miami. This was recently criticized because the group is hostile toward the Cuban revolution. It is said that the Cuban immigrants are a mixed group in the United States and that the right-wing group, which has ties with the Bush Administration, is a minority, although it is obviously the richest and it owns the media in Miami. There are other groups of immigrants, however, who might be truly interested in a normalization of relations, so that they may visit Cuba and so that their Cuban relatives may visit them in the United States, etc. Do you really believe that a group of immigrants—free of the tutelage of the right-wing fanatics who are linked to Bush—might have a future role in the process of normalizing relations between Cuba and the United States, Dr. Rodriguez?

[Rodriguez] I think that there are two basic groups of Cuban immigrants. There is a group that has been labeled as reactionary. It is led by [Cuban-American National Foundation leader Jorge] Mas Canosa, [former Cuban prisoner Armando] Valladares, and people who are completely estranged from reality. They have tried to impose a hostile policy, and they have close ties with the leadership in the U.S. Government, particularly with Bush's son. They have truly exerted a negative influence in recent times. They exerted a negative influence whenever it seemed that we were about to reach certain agreements.

There is another group that is becoming a majority. It is comprised of people who understand that they should not have left Cuba; their children have started to ask their parents to explain why they were taken from their natural environment. This group is still not influential in the United States because it is a more neutral group. It still is not the most influential or the most active group.

There is a third group. These are the old reactionaries who now understand that they will achieve nothing along those lines. They advocate a dialogue; however, this dialogue is meant to annihilate Fidel Castro and eliminate the current government by other means and not through combat, which is what Mas Canosa and his group advocate. This third group is proposing discussions, but these discussions are aimed at hastening the fall of Fidel Castro and his government. I think that an

interesting process is currently under way. Naturally, I would say that we are not in a condition to hold a discussion with this second group right now, meaning the intermediate group. We are strenghthening our relations with the third group [as heard].

For example, the North Americans are quite concerned nowadays because we have lowered the age limit for those who are free to visit the United States; and the number of people visiting the United States has increased. Now the U.S. Government is creating all kinds of obstacles. It does not want so many Cubans coming to the United States because, among other things, it is afraid that some of them might want to stay—which is basically not the case. Only an insignificant minority decide to stay. The U.S. Government does not want so many Cubans coming to the United States.

A process is under way. We are experiencing a difficult moment in the revolution; a moment in which part of those who settled in the United States believe that the Cuban revolution will collapse. The United States also believes this. I can tell you that a Cuban delegation and a U.S. delegation participated in the discussions about Africa. The Cuban delegation's attitude proved to the North Americans, first of all, that we were not an instrument of the Soviet Union. We have our own policy. Second, we proved that we were capable of discussing a rational policy. They began to discuss some of the problems prevailing in U.S.-Cuban relations.

Then came the collapse of socialism in Europe, and these people changed their views. They believed that the collapse of socialism in Europe would be followed by the collapse of socialism in Cuba. Remember how Fidel Castro's death was predicted when Ceausescu died. This policy has changed. They know—and they are publicly admitting this—that they cannot count on Fidel's fall, that Fidel has the Cuban people's support, and that the Cuban people are strong.

Still, they believe that we will not be able to withstand the economic onslaught of the European socialist countries' disaster; the Soviet Union's difficulties; and the U.S. blockade. When they become convinced that this is useless, we will be in a new period. I think this will be the time for certain discussions.

[Martinez] Thank you, Dr. Carlos Rafael Rodriguez—vice president of Cuba, member of the Politburo of the Communist Party of Cuba, and one of the 28 personalities comprising the developing nations' South Commission—for your statements to Radio Havana.

Arrest Rumors Termed 'Absurd,' 'Groundless'

LD2510132690 Belgrade TANJUG in English 1217 GMT 25 Oct 90

[Text] Havana, October 25 (TANJUG)—Cuban Vice-President Carlos Rafael Rodriguez last night described as absurd and groundless the rumours that two close aides of President Fidel Castro have been arrested.

Rumours began to circulate in the Cuban public and Havana diplomatic circles early last week about the arrest of Politburo members Juan Almedia and Jorge Risquet, allegedly because of an attempted coup. In a statement to Radio Havana Libre, however, Rodriguez said that Almedia and Risquet belonged to "the most distinguished guard" of Cuban officials.

A ranking Cuban Foreign Ministry official has told TANJUG's correspondent in Havana that the Cuban leadership has proof that the rumours about the arrest of Castro's aides were planted from abroad, by extremist emigres in Miami.

Rodriguez said that the Cuban leader was "more united than ever before, firmer than ever before, and free of any conflicts." [sentence as received]

The Rodriguez statement was the first official reaction to and denial of the rumours about alleged conflicts and arrests and of unfounded reports about an alleged attempt on Fidel Castro's life. In the statement to Radio Havana Libre, Rodriguez said that Cuba would be glad to live in harmony with the United States, but set out that his country could also do without the northern neighbour. The Cuban vice-president predicted that Washington would accept a dialogue and talks on the normalization of relations with Havana when it realizes that the Caribbean country has solutions to the economic difficulties produced by the revision of relations with Eastern Europe and the Soviet Union. "When they (the U.S.) become convinced that the predictions of the Cuban Government's downfall are groundless, a new period will begin and I hope that some talks wil take place then," Rodriguez said.

Leading Communists Welcome Home Internationalists

FL2510131890 Havana Tele Rebelde Network in Spanish 1100 GMT 25 Oct 90

[Report by Mayra Viera]

[Text] Commanders of the Revolution Juan Almeida Bosque, member of the Politburo of the Communist Party of Cuba [PCC], and Ramiro Valdes Menendez, member of the PCC Central Committee, welcomed a group of internationalist fighters who returned to the homeland last night.

Che Guevara, our heroic guerrilla, said that patriotism and internationalism have a common origin: humanism. These youths who are returning to the country today have shown that Che's beliefs are still valid. They have come with their chests covered with medals, shining like stars, like those that Marti wore on his forehead when he cast his fate with that of the world's poor.

[Begin Valdes recording] You have returned to the country after having completed with dignity and valor a glorious mission of internationalist solidarity that is in line with the essence of the revolutionary process and the party program. The commander in chief has urged us to

save the fatherland in these difficult times—which Cuba and the world are experiencing because of the Yankee imperialists' arrogant determination to dominate the world—because we want a fatherland that is free and independent, more independent today than ever. [end recording]

They are now facing other tasks—the classroom, the factory, the plow, the workshop—where they will multiply their determination, courage, tenacity, and firmness in response now to the new call of the fatherland: save socialism, the shining future of humanity.

Government Expels Mexican Television Crew

PA2510200490 Mexico City NOTIMEX in Spanish 1909 GMT 25 Oct 90

[Text] Havana, 25 Oct (NOTIMEX)— The Cuban Government has expelled a crew from the Mexican private "Televisa" station in reprisal for "the anti-Cuban material that is broadcast by the ECO network," an official source today told NOTIMEX.

After accusing the largest Mexican television network of "joining an international campaign of disinformation against Cuba," the source pointed out that the measure was not adopted because of the work of the crew in Havana but against the company.

The three reporters arrived in Havana 20 October with a one-month visa and were expelled four days later. This is the first time an action of this type has taken place, marring the traditional ties of friendship between Cuba and Mexico.

A source explained that the measure was adopted because "it is hard to understand how Televisa can try to establish a correspondent's office in Cuba while waging a campaign of discredit against the leaders of the Cuban revolution. "The expulsion, he added, is because the ECO network broadcast on 16 October an article from the Soviet daily KOMSOMOLSKAYA PRAVDA that is considered an attack against the Cuban leadership. The writer of the article from KOMSOMOLSKAYA PRAVDA, A. Novikov, last September left his correspondent's office in Havana after being harshly criticized by the daily GRANMA (official organ of the Communist Party of Cuba) over some material on the Cuban economic crisis.

The source added that the work Televisa began last August for establishing a correspondent's office in Havana "is at a total standstill."

The spokesman stressed: "We do not want Televisa here." He insisted that the expulsion of the crew of Mexican reporters "has nothing to do with the traditional relations of friendship between Cuba and Mexico."

According to the source, the Cuban Foreign Ministry will reportedly issue an official note on the expulsion of the three Mexican reporters in a few hours.

Courts To 'Strictly Sanction' Economic Crimes

FL2510160490 Havana Radio Reloj Network in Spanish 1502 GMT 25 Oct 90

[Report by Graciela Hernandez]

[Text] Dr. Raul Amaro Salup, president of the Supreme People's Tribunal, has told Radio Reloj that the courts will strictly sanction those people convicted of committing acts against the interests of the people. He said that the new law for courts, approved during the last session of the National Assembly, will become effective 1 January. Thereafter, judges will apply penal policies more strictly, especially regarding cases involving illegal economic activities, embezzlement, the theft of social goods, and inventory missing from commercial units. He also said it is necessary to put an end to missing inventories and to stop people who enrich themselves at the expense of the population's needs. Dr. Amaro Salup added that the judges will act swiftly and fairly and that no one in the country is authorized to apply the law according to their own interpretations.

Delegate Protests Omission in Perez Report

FL2610131690 Havana Tele Rebelde Network in Spanish 1100 GMT 26 Oct 90

[Text] Cuba has protested over the omission of a reference to colonialism in the report presented to the UN Fourth Commission by UN Secretary General Javier Perez de Cuellar.

Juan Hernandez, Cuban delegate to the UN Decolonization Commission, urged the top official of the main international organization to take into account in next year's report the difficulties encountered in every attempt to end dependence.

Hernandez added that the new climate of detente between the superpowers has not been felt in the area of decolonization, because the status of dependent territories remains unchanged.

'Plot' in Panama Said Effort To Divert Attention

PA2610025290 Havana International Service in Spanish 0100 GMT 25 Oct 90

["Our America" commentary read by Manolo Ortega]

[Text] Charges about nonexistent conspiracies and self-inflicted aggressions are old tricks used to divert attention when matters are not going well and when the people's unrest could produce a dangerous social explosion.

Apparently this is the case in Panama, whose government, which was imposed by U.S. rifles following a bloody invasion, has been talking for several days about an alleged subversive movement that is headed by former members of the Defense Forces and aimed at overthrowing the authorities.

Last week the Panamanian Government said it had dismantled an alleged coupist plot led by former Police Chief Colonel Eduardo Herrera, who, according to the charges, was trying to overthrow President Guillermo Endara with the support of former military members. As a result of this, dozens of persons have been arrested.

It has been said that Panamanian, Costa Rican, and Nicaraguan subversive elements have participated in the alleged plot. These elements allegedly received training in the mountains of Chiriqui Province.

AFP reported that on Monday Colonel Eduardo Herrera denied having participated in any military plot against the Endara government. This news agency also reported that Herrera said in Lima, Peru, that he will go to Panama to defend himself from the charges. He said he could have hardly organized a coup from abroad.

In view of the rumors, several Panamanian labor leaders have described the situation as an attempt to take the people's attention away from the country's grave problems. This could be the most coherent explanation for the alleged coupist plot. It must be recalled that the social and labor situation in Panama is very grave: Thousands of victims of the December invasion bombings are still homeless, and, judging from the way the authorities are acting, the problem could remain unresolved.

Unemployment has grown tremendously because the current government must meet the requests of its benefactors, who promised that help would be forthcoming if the government obeyed imposed adjustment programs. This, plus the high cost of living, as well as other unpopular measures applied on the Panamanians, could turn the social unrest situation into a threat to authorities that are openly incapable of resolving the problems. This is why Panamanian labor leaders and politicians are saying that the alleged plot serves to divert the people's attention from their problems. They also note, however, that problems will not be resolved with rumors.

Castro Views Youth Issues With UJC Leaders

FL2610121590 Havana Tele Rebelde Network in Spanish 1100 GMT 26 Oct 90

[Text] Commander in Chief Fidel Castro, first secretary of the Central Committee and president of the Councils of State and of Ministers, began a meeting yesterday afternoon in this capital with the National Bureau of the Union of Young Communists [UJC] and the first secretaries of the UJC from the provinces and the Isle of Youth special municipality.

The meeting, which lasted until the early morning hours, served as a climax of a tour of the country carried out by the members of the National Bureau to analyze new mechanisms and styles of working, as well as to become fully acquainted with current youth problems.

In a frank and in-depth dialogue, matters related to the work of the UJC, the status of the cadres, and the example to be set for the membership were discussed. In addition, the participants viewed the problems of education and the employment status of our youths.

Trade, Payment Agreement Signed With Albania

FL2510134990 Havana Radio Rebelde Network in Spanish 1317 GMT 25 Oct 90

[From the "Haciendo Radio" program]

[Text] Cuba and Albania have signed in Havana the 1991-1995 trade and payment agreement, as well as the payment agreement that will be in force for those five years. [sentence as heard] The agreement was signed by Foreign Trade Ministers Ricardo Cabrisas Ruiz and Shane Korbeci of Cuba and Albania, respectively.

The two ministers expressed their satisfaction during the signing ceremony for the development of economic and trade relations between Cuba and Albania, and they agreed on the need to continue increasing those exchanges between the two peoples.

Romanians State Satisfaction With Relations

FL2610015090 Havana Radio Rebelde Network in Spanish 0002 GMT 26 Oct 90

[From the "Exclusivo" program]

[Text] Top Romanian authorities today expressed satisfaction about the current course of relations with Cuba and the importance of developing them for the benefit of both nations. The statements by Romanian Head of State Ion Iliescu and Prime Minister Petre Roman are contained in a message addressed to President Fidel Castro. The message was motivated by the 30th anniversary of the establishment of diplomatic relations between Romania and Cuba.

The Romanian leaders stress the importance of the ties of friendship and cooperation developed by the two countries, as well as the affinities in culture and civilization. The official Romanian press said that Romanian Foreign Minister Adrian Nastase also transmitted a message with a similar content to Cuban Foreign Minister Isidoro Malmierca.

Urban Workers Begin Agricultural Tasks

FL2610123890 Havana Tele Rebelde Network in Spanisn 1100 GMT 26 Oct 90

[Text] Some 140 capital city residents will begin agricultural tasks today in the Artemisa. They will be housed in the Las Marias dormitories.

This first force, totaling 310, come from the Habana Vieja municipality. They will work on planting and cleaning sweet potatoes, beets, carrots, beans, and plantains, as well as in harvesting yucca. Most of these workers are members of the Communist Party of Cuba and the UJC [Union of Young Communists].

The Las Marias and La Esperanza dormitory camps, which were completed in the record time of 35 days by minibrigadists from Boyeros municipality, have all the basic facilities. A third housing camp that will soon be started will have the same characteristics as the other two.

The Las Marias and La Esperanza housing units will each serve an area of some 30 caballerias planted with various crops.

Radio Studio Established in Yaguajay Municipality

FL2510194290 Havana Radio Rebelde Network in Spanish 1311 GMT 25 Oct 90

[Report by Jose Medina, on the "Haciendo Radio" program]

[Excerpts] The Yaguajay municipal radio studio will be inaugurated on the morning of the 28th [of October]. [passage omitted]

Yaguajay has never had a radio station. So, for the first time, it will have the possibility of having a radio studio, which will belong to the provincial network, CMHT, of Sancti Spiritus Province. This province has notably increased the development of its provincial network. It also has studios in Trinidad and Fomento, and it will soon have others in other municipalities. [passage omitted]

I think that the next radio station in that province will be in Cabaiguan. I also want to say that radio has continued to develop, and now there are close to 40 municipal radio studios in the municipalities where there are no radio stations. This policy continues in those municipalities. We cannot set up radio stations in all municipalities, but we can establish studios with journalists and enough technicians so that they can provide service through the provincial network, as well as any national network.

So as of 28 October, when you want direct and fresh news from Yaguajay, you can call the Yaguajay studio and talk to the correspondent there, the journalist there, who is also a correspondent of the national radio network. [passage omitted]

Pesticides Agreement Signed in Havana

FL2510212090 Havana Radio Reloj Network in Spanish 2037 GMT 25 Oct 90

[Text] Vice Public Health Minister Dr. Hector Terry and (Jacobo Finkelman), director of the Pan-American Center for Human Ecology and Health, signed a draft agreement today in Havana on pesticides. This agreement will make it possible to create important technical information bases, develop analytical methodology, and evaluate the health risks of pesticides. This is all aimed at developing new and more effective measures of prevention and control.

The contract is part of the strategy of expansion in the field of international environmental health, since the Pan-American Center for Human Ecology has agreements with Brazil, Bolivia, Costa Rica, Mexico, and Argentina. The signing of the document marks an important point in the search for new areas of dialogue in the control of pesticides, and also allows the center to act as a reference point for technical guidance.

Dominican Republic

Labor Secretary Terms Strike Call 'Unreasonable'

FL2510172590 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 25 Oct 90

[Text] Labor Secretary Washington de Pena has described the strike called by the national labor unions for 19, 20, and 21 November as unreasonable. The labor unions will paralyze the country accusing the government of not complying with the accords signed with them in September. In response, Washington de Pena said that the only part of the accords that the government has not fulfilled concerns the continuing conflict between the administration and the employees union at the Dominican Electricity Corporation. The labor secretary said that this matter is being handled in his office where they have received allegations from both parties.

Health Secretary Criticizes Doctors Strike

FL2510181090 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 25 Oct 90

[Text] Public Health Secretary Dr. Manuel A. Bello termed as inopportune the 48-hour work stoppage begun by the Dominican Medical Association. Dr. Bello described as senseless the demand of the doctors that they receive a salary increase up to 5,000 pesos monthly. He explained that with the critical conditions the country is experiencing it is impossible to approve a salary increase because the public health budget is being depleted. The public health secretary urged the doctors to return to their work places and continue the discussions as his office is always open for dialogue. Dr. Ney Arias Lora, director of the Dominican Social Security Institute, said the doctors work stoppage comes as no surprise to him since the doctors are always out on strike.

Interior Official Calls for Political Truce

FL2510190790 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 25 Oct 90

[Text] The deputy secretary of the interior and police, Pablo Rafael Casimiro Castro, has proposed a truce of one year in all political and union activities. Casimiro Castro said that we should free the country of the pressures that conflict with public order. He noted that his proposal seeks a patriotic solution to the economic

and political crisis that hurts everyone alike. Casimiro Castro clarified that this truce does not mean a period of slowdown or idleness, but rather a phase of efforts in search of formulas that will increase production and productivity.

PRD To Restore Returning Party Dissidents

FL2610141690 Santo Domingo Cadena de Noticias in Spanish 0942 GMT 26 Oct 90

[Text] The Dominican Revolutionary Party [PRD] will receive returning party dissidents from the party led by Jacobo Majluta, according to PRD President Jose Francisco Pena Gomez. He said that those who return to the PRD will be allowed to occupy the posts that they formerly held in that political party.

[Begin Pena Gomez recording] The party's top leadership organizations, the National Executive Committee, the National Convention, and the Political Commission have issued resolutions authorizing the return of party dissidents and their assumption of positions with authority more or less commensurate to that which they held within the Independent Revolutionary Party. [end recording]

Pena Gomez reiterated that all those who had joined Majluta will recover their full standing within the PRD.

[Begin Pena Gomez recording] Majluta supporters who were members of the Executive Committee at the time of separation will recover their full standing as members of the party's top leadership organization. [end recording]

Group Disavows Announced 19 Nov Strike

FL2610145190 Santo Domingo Cadena de Noticias in Spanish 0957 GMT 26 Oct 90

[Text] The Collective of Popular Organizations will not support the so-called general strike convoked by labor organizations which reached an agreement with the government on the date 19 November. Spokesman Ramon Almanzar said that the Collective of Popular Organizations will never turn its back on the people's interests, which it has been defending. Almanzar said that the Dominican people's struggle should no longer be a struggle on the labor level; it should be political. He said the labor unions that announced the strike are not pursuing any objectives that benefit the Dominican people.

[Begin Almanzar recording, in progress] ... does not support the call for a strike on 19, 20, and 21 November called by three labor unions. We do not support it because we will not coordinate any action with those labor unions, since they negotiated on the strike of the 10-12 [month not given] behind the people's backs, and allowed Dr. Balaguer to undermine the movement and create division within the Dominican people's national committee [as heard]. [end recording]

Oil Debt Reduction Accord Reached With Venezuela

FL2510183690 Santo Domingo Radio-Television Dominicana Radio Network in Spanish 1600 GMT 25 Oct 90

[Text] The Government of Venezuela has agreed to restore the oil credit of the Dominican Republic and begin a program to reduce the amount by which the Dominican Republic is in arrears in debt payments to Venezuela. This was announced by the president of the Dominican Revolutionary Party, Dr. Jose Fransisco Pena Gomez, who said that the debt reductions would be made through a program of exchanging Venezuelan debt for Dominican debt at a rate of three to one. The white party leader in a news conference at the National Palace said the accord would mean that for every three dollars paid into the Venezuelan Central Bank six dollars of the Dominican debt would be canceled and a credit of two dollars would be made available for every six that the Dominican Republic pays to Venezuela on its oil debt, which is payable in four months under the terms of the San Jose agreement.

Haiti

State Council Responds to Army on Lafontant

FL2510190590 Port-au-Prince Radio Soleil Network in Creole 1100 GMT 25 Oct 90

["Excerpts" of a letter issued by the State Council to General Herard Abraham, commander in chief of the Haitian Armed Forces; date not given]

[Excerpts] [passage omitted] After the justice minister, it is the State Council's turn to ask the Army to do its duty concerning the arrest warrant against Dr. Roger Lafontant. The State Council writes to Gen. Herard Abraham, the commander in chief of the Army, and reminds him that on 16 October he wrote and published a letter that he had sent to the president and the members of the Court of Cassation, in which he asked them for their opinions about the legitimacy of the warrant issued against Dr. Roger Lafontant. [passage omitted]

The letter goes on to say that while we congratulate you for your concern in being faithful to the Constitution of the country by mentioning Article 27 of the Constitution, it is essential that we bring to your attention Article 26 and Article 26.1 of this same Constitution that does not make provision for the police refusing to respect the court orders, especially concerning this arrest warrants. [passage omitted]

The police must act upon the arrest warrant the government commissioner issued against Dr. Roger Lafontant. The police should execute this arrest warrant because Article 26 of the Constitution specifies: Nobody can be held prisoner if he does not appear, within 48 hours after their arrest, before the judges who will rule on the legality

of the arrest. Then, it is the judges and courts that have to reach to a decision on the legality of an arrest. [passage omitted]

Article 26.1 gives the arrested person the right to appear before the doyen of the court and then be informed of the findings of the state prosecutor who will rule on the legality of the arrest and the detention. Calling on the president of the Court of Cassation before the execution of the warrant is a violation of the Constitution by the Army. [passage omitted]

The just state we want to create, Mr. Gen., is a just state intended to serve everybody, not just a small group. The Constitution we refer to today cannot change sides according to circumstances, public opinion, and pressures that are being brought to bear on all of us. The Army, which says it is under the executive power's orders, has committed one more time an act that shows it does not want to follow orders by not executing the warrant against Roger Lafontant. Given the present circumstances, the State Council believes that it is necessary to point that out to you and the executive power.

Lafontant Denies CEP Legality To Bar Candidacy

FL2510144590 Bonaire Trans World Radio in English 1130 GMT 25 Oct 90

[Text] Haitian presidential candidate Roger Lafontant says Haiti's electoral council [CEP] has no legal right to bar him from running. Mr. Lafontant admits to being a member of the Ton Ton Macoute paramilitary police and was a minister in the former Duvalier regime. The present Constitution of Haiti forbids any former Duvalierist from running for office.

Jamaica

Manley Announces New Economic Measures

FL2510163090 Bridgetown CANA in English 1519 GMT 25 Oct 90

[Report by Julie Chen]

[Text] Kingston, Jamaica, Oct 25, CANA—Jamaica's Prime Minister Michael Manley has announced a U.S. 12 million dollar social support programme to create employment and expanded the system of locally held foreign currency accounts. The measures announced in Parliament Wednesday are apparently to bolster moves towards a free market system and stem the rising socio-economic hardships which the International Monetary Fund-backed adjustment programme has caused. The Ja 100 million dollar (one Ja dollar = 12.5 U.S. cents) social support programme will be focused on direct employment, a credit system, training, and social projects.

Manley announced the expansion of foreign currency "A" accounts introduced in August to accept cash deposits of up to U.S. 10,000 dollars. The "A" accounts which allow residents and non-residents to deposit and withdraw foreign currency at will, had previously accepted only non-cash deposits.

The Jamaican leader said that as of November 1, the amounts available to exporters under an existing Retained Account Scheme would be credited to a foreign currency account in a local commercial bank. The exporter will be able to access this account directly for foreign currency by applying to the Bank of Jamaica [BOJ]. Previously, exporters were not allowed to hold the amounts available to them under this scheme in a foreign currency account.

With respect to the United States-based Jamaica National Retained Account [JNRA] which catered to the tourism sector, it will now be possible for any company in a group of which the hotel or tourist activity is a part to access the JNRA and use the foreign exchange available under the scheme for any member of the group. He said that a review of the JNRA is being carried out to allow participants to hold foreign currency.

With immediate effect commercial payments such as business travel, insurance, passenger fares, commissions, fees will be done through the commercial banks but within certain ceilings, Manley said. However, applications for the remittance of profits, dividends, and port disbrusements will remain with the Bank of Jamaica, the island's central bank.

The prime minister said there were also changes to the regulation regarding capital movements. Under the new regime direct investments by a non-resident Jamaican must be registered with the Bank of Jamaica. However, BOJ approval is no longer neccessary.

In the case of portfolio investments which involve the purchase of shares or stocks in an existing company in Jamaica by a non-resident, formal approval from the central bank is still needed. He explained that these investments can be more volatile than direct investment in that a portfolio investor can purchase and sell shares over a short period and if the sums involved are large it could create problems for the exchange market. Special arrangments will be made for stock exchange transactions within the Caribbean Community (Caricom).

Manley said in the case of remittances of interest and dividends these will be approved subject to the presentation of the audited account of the company. Capital remittances by individuals will continue to be restricted until the country's foreign exchange reserves are re-established.

Non-resident nationals wishing to buy real estate in Jamaica will now be required only to register with the Bank of Jamaica that funds are being brought into the country. Previously all real estate transations by foreigners had to be approved by the Central Bank.

Under the new regime, a non-resident Jamaican national will be able to obtain a local mortgage not exceeding 70 per cent of the purchase price without the approval of the Bank of Jamaica.

The allowance for vacation travel is also to be increased as of January 1, 1991 from U.S. 300 dollars to U.S. 600 dollars per year.

Manley reported that at the end of September, 1,200 foreign currency "A" accounts with net deposits of U.S. 5.8 million dollars had been opened. He stressed that no portion of these funds would be sold to the Bank of Jamaica and that the management of these funds rested exclusively in the hands of the commercial banks.

Manley told the special sitting of Parliament that he was satisfied with the operation of the new foreign exchange rate regime, whereby the rate is determined by market forces. The major disappointment was that to date the increases in the sales of foreign currency to the banking system have not been realised. There were indications, he said, that many people were waiting to see whether the system settles down. However, he warned that given the fluctuations of the Jamaica dollar against its U.S. counterpart over the past few weeks "it may not be in your interest to wait."

On the social side the government is providing 2.4 million dollars to assist some 1,200 university students through bursaries and a further 600,000 dollars will be given to the College of Arts Science, and Technology to assist students.

Rift Said Developing Between Manley, Bankers

FL2510185590 Bridgetown CANA in English 1811 GMT 25 Oct 90

[Text] Kingston, Jamaica, Oct 25, CANA—A rift has apparently developed between Prime Minister Michael Manley and local bankers over criticism of the government's two-month-old foreign exchange system.

The GLEANER on Wednesday reported that Manley had yelled at bankers at a meeting last Thursday on noticing that Rex James, the National Commercial Bank [NCB] managing director who had criticised aspects of the system, was absent from the meeting. The GLEANER quoted Manley as saying that he would not have people "grand standing" about serious matters of policy and then fail to show up when he went to the trouble of making himself available for discussions.

"It is not a cocktail party in the morning that I invited him to," Manley was quoted as saying when he was told James was absent.

However, a Manley aide who said he was at the meeting, denied the prime minister had shouted at the bankers. According to Hartley Neita, Manley's commmunications consultant, the prime minister was angry that James, the only person to publicly comment on the new system of determining the exchange rate, was absent. Manley did not berate the others bankers present, Nieta said. Small bankers who said they were attacked in the speech, have called for an emergency meeting of the Bankers Association.

The NCB managing director had criticised the new system at a meeting with businessmen last week in which he said the rate of exchange could not be left entirely to competition in the market place. He said some banks, who simply wanted to pull in foreign exchange, could drive the rate of the Jamaican dollar down by making a higher offer for the U.S. dollar.

"To deregulate the distribution system is the correct thing but I have my doubts that a total deregulation of the rate system mechanism is the right approach for Jamaica today because this is putting a very important aspect of policy into the hands of commercial banks," James said.

Trinidad and Tobago

Jamaat Women Allege Kidnappings, 'Killings'

FL2610142390 Bridgetown CANA in English 1339 GMT 26 Oct 90

[Text] Bridgetown, Barbados, Oct 26, CANA—The women of the Muslim group, which attempted to overthrow the Government of Trinidad and Tobago in July, on Friday alleged kidnapping, torture, and "killings" by the security forces as the menfolk remain imprisoned for the failed coup.

"There have been regular kidnappings, forced detention and torture, concealed beatings, the prevention of worship—even killings—and other crimes committed against us," the women of the Jamaat al Muslimeen said in a statement to CANA.

"Young and old, pregnant or not pregnant are being picked up or are being threatened with detention. Many sisters are being picked up without any detention order being issued as well," the women alleged as they appealed to the Trinidad and Tobago community to support their bid for justice. The women gave the cases of "sisters Ameena and Saffiya," who they said were made to sit in the Criminal Investigation Department office for two days before being interrogated and then held for another seven days with no stated reason.

They claimed that those detained were denied baths and were not allowed reading material. The women further allege that children were being taken from their mothers. There had also been seizure of personal documents such as passports and marriage certificates of many families who lived in a Muslim commune near Port of Spain that was destroyed by the police, the women charged.

"...Such systematic violation of the rights of detainees can only be carried out on orders from the highest levels of the Ministry of National Security and the police," they stated.

One hundred and fourteen (114) men including the leader of the Jamaat, Yasin Abu Bakr, are answering charges of treason, murder, and conspiracy in connection with the July 27 to August 1 coup attempt.

El Salvador

Ponce Discusses U.S. Aid Cut, Cease-Fire

PA2510133790 San Salvador EL MUNDO in Spanish 23 Oct 90 p 1

[Text] During a visit to EL MUNDO today, Defense and Public Security Minister Colonel Rene Emilio Ponce, accompanied by Major Mauricio Chavez Caceres, chief of the Armed Forces Press Comittee, answered several questions regarding the military institution, and made statements regarding important aspects of the country's life. Commenting on the U.S. suspension of 50 percent of the $85 million in military aid, he said the government had already reported on and explained the U.S. Senate decision. As defense minister, he could represent the views of the Armed Forces by saying that "it is a regrettable and negative decision for the institution, but a positive one for the FMLN [Farabundo Marti National Liberation Front], which is celebrating it as its own victory."

"A friend is pulling out and wants to leave at a time when we have walked a long and difficult road, which has yielded positive results in terms of what the Army should be as the guardian of the people and their democratic institutions. When a friend is pulling out, we, as the Armed Forces, just have to promise the Salvadoran people, who have been the victims of the FMLN for almost 11 years, that—with our without aid—we will never stop fulfilling our duty and the constitutional mandate. Nor will we stop doing the things we must do at the most important moment in the history of our country. We must stand alongside the people and defend them.

"We must tell the FMLN that it should not harbor any hope and should not go around saying that 'if the government did not win the war, they will.' The guerrillas will never reach power through armed means. It may do so if it has the support of the people it claims to have at the polls, feeling certain of the guarantees the Armed Forces provide." Col. Ponce recalled that "in 1981, the FMLN launched 'a final offensive,' and stated it was going to reach power by defeating the Army, which at that time was not receiving any aid. The result was a crushing defeat for the FMLN, as it happened last year when they expected a popular uprising but were defeated. We had aid in 1989, but we acted the way we always do, like true soldiers in defense of the imperiled fatherland."

Touching on the controversial point in the dialogue process, Ponce said "the cease-fire unquestionably benefits the civilian population, who are hurt the most by the clashes. The cease-fire does not benefit the Army or the government, as the FMLN thinks. That is why the FMLN does not want to accept it.... Civilians benefit from it, and all who defend the truth and do not fall for the guerrilla's lies must admit it."

Expounding on the same topic, and referring to the FMLN statements that political agreements must be reached before the cease-fire, Ponce said: "I wish that those who are maintaining the armed struggle would hear the majority of the people and not the minority who are always pressing their own demands. They would realize that the majority wants a cease-fire so that the civilians would not suffer so much and would feel at ease, especially now that the country is experiencing and suffering from very acute social and economic problems. In the face of any military agreement, the will of the silent majority of El Salvador should prevail. Those that shout out that they are defending the people ought to listen to the majority. All Salvadorans have borne the cost of the war, but the civilian population has paid the largest share in pain and suffering, as civilians have been cruelly harmed by the war. What has happened can never be considered a badge of honor for the FMLN."

The minister added: "They are just as skillful in propaganda and disinformation as they are in terrorizing the people with acts of violence, destruction, and death. They have built their base of support around groups that become their legitimate allies and want to create the impression that they, together with some organizations, are defending the people. I think they do not care about the famine and suffering of the true people of El Salvador—that is, the huge majority who are the direct victims of a conflict that does not take them into account. The FMLN is not interested in fulfilling the hopes of the people: peace and a cease-fire as soon as possible to end the bloodshed everywhere. I can mention the strikes that are being promoted, by way of example. The demands made are just, but they are accompanied by demands that cannot be met. And this is what the FMLN wants: to create problems for the government."

Government: FMLN Radio Gear Found in Managua

PA2610024990 Panama City ACAN in Spanish 2334 GMT 25 Oct 90

[Text] San Salvador, 25 Oct (ACAN-EFE)—The Salvadoran Government reported today that it found Farabundo Marti National Liberation Front (FMLN) propaganda and technical radio and communications equipment in Managua during an inspection of the capital city.

A Salvadoran mission, which on 23 October visited three areas of Managua from which the FMLN stations allegedly broadcast their programs, found "Radio Venceremos" propaganda material and modern copying and communications equipment, as well as a "Radio Farabundo Marti" poster, the Salvadoran Foreign Ministry pointed out in a communique.

These are the two guerrilla radio stations, which, according to the FMLN, broadcast from Salvadoran territory, although the Salvadoran Government has insisted that their broadcasts originate abroad, especially from Nicaragua during the time of the Sandinist government.

Nicaragua's Interior Ministry denied on 24 October that the FMLN radio stations broadcast from Managua, after a delegation formed by the UN Observer Group in Central America (ONUCA) and Nicaraguan and Salvadoran authorities visited the western part of Managua where the radio stations were presumably based, but found no evidence.

In the areas where the radio stations were said to operate, the delegation found a Popular Salvadoran Church center that helps to repatriate Salvadoran citizens, a private home, and a Nicaraguan Construction Ministry building.

The Salvadoran Foreign Ministry announced today that the documents and technical equipment seized in Nicaragua "were confiscated by the Nicaraguan authorities."

"This confirms that Daniel Ortega's Sandinist government (now the opposition) supported the FMLN, and that individuals, members, or sympathizers of the FMLN are still in Nicaragua carrying out activities described as crimes," the Foreign Ministry pointed out.

The Salvadoran mission was headed by the Deputy Foreign Minister Ricardo Valdivieso and Deputy Public Security Minister Colonel Orlando Zepeda.

Government Calls Work Stoppages 'Political'

PA2610021590 Paris AFP in Spanish 0418 GMT 23 Oct 90

[Text] San Salvador, 23 Oct (AFP)—President Alfredo Cristiani's government issued a communique on 22 October that accuses several popular organizations of instigating a "social agitation and tension" movement together with leftist guerrilla groups.

Employees of four government agencies on 22 October began work stoppages to demand government compliance with labor agreements.

Among the striking institutions are: the Finance Ministry, the IRA (Institute of Supply Regulation), ANTEL (National Telecommunications Administration) and the INPEP (National Institute of Government Employees Pensions).

The official communique states that "the fact that some of the leaders who are promoting the strikes, work stoppages, and street demonstrations are making demands that cannot possibly be met confirms that these are political and not labor movements."

It also reminds workers that under no circumstances should they interrupt their work in public institutions. It warns them that the Constitution does not permit actions that affect the rendering of public services.

The government asked employees to be guided by "common sense and wisdom," in their talks and to avoid any acts of social agitation as these acts only serve to "block the path to peace."

Meanwhile, Humberto Centeno, National Union of Salvadoran Workers (UNTS) leader said that the government wants to negotiatie "just for the sake of negotiating" but without meaning to solve any problems.

CPDN on Government-FMLN Negotiation Process

PA2510215790 San Salvador DIARIO LATINO in Spanish 22 Oct 90 p 7

[Text] The Permanent Committee for the National Debate, CPDN, said on 22 October that the negotiating process between the Salvadoran Government and the Farabundo Marti National Liberation Front [FMLN] has already reached the point where it is necessary to reach concrete agreements.

It would be convenient to incorporate President Cristiani into the government's negotiating commission so that it will have greater decision-making capability, the CPDN said. The CPDN believes that the recent freezing of 50 percent of the U.S. military aid to the Salvadoran Army "supports the negotiating process" and considerably contributes to reaching political agreements that may lead to peace.

In a news conference, the CPDN said that "the Salvadoran Government has avoided real negotiations by making unacceptable proposals—such as the FMLN's surrender—and by demanding a cease-fire without having reached any political agreements," thereby strengthening the military option. "It is necessary for the government to help create an atmosphere of polarization and social discontent [as published] by ending the economic offensive against the people and not threatening the popular organizations, the CPDN said. [quotation marks as published]

The CPDN, which comprises almost 100 social and labor organizations, consequently demanded "that political agreements be made that are in accordance with the Geneva Protocol and the Caracas Agenda." It also demanded "the presence of the social organizations at the direct negotiations" and "the presence of the president of the Republic at the negotiating table" simultaneously to make substantive advances in the negotiating process that has already begun.

The members of the CPDN rejected the statements made by Justice Minister Oscar Santamaria made on television on 22 October, linking the CPDN to the FMLN.

Guatemala

Opposition Candidate Said in Serious Condition

Cerezo Suspends Honduran Visit

PA2510160890 Mexico City NOTIMEX in Spanish 1540 GMT 25 Oct 90

[Text] Guatemala City, 25 Oct (NOTIMEX)—Guatemalan President Vinicio Cerezo today suspended

an official visit to Honduras due to serious health problems being experienced by Alfonso Cabrera, presidential candidate of the ruling Guatemalan Christian Democracy [DCG].

A political source has confirmed to NOTIMEX that Cerezo suspended his trip because of Cabrera's serious condition. The source also denied rumors heard this morning in Guatemala City regarding an alleged attack on Cabrera, who did not attend a presidential candidates forum held last night.

Cabrera's health problems have occurred only 17 days before the 11 November general elections.

Government and DCG sources have said that they will provide further information on Cabrera's health in the next few hours.

Cerezo To Give News Conference

PA2510164990 Guatemala City Radio Nuevo Mundo in Spanish 1605 GMT 25 Oct 90

[Text] This is a last-minute report, which we think is quite serious. The president of the Republic is getting ready to host an emergency news conference after suspending his trip to Honduras, where he was going to be decorated by the Honduran president. According to available reports, President Cerezo did not leave for Honduras because Alfonso Cabrera, presidential candidate of the Guatemalan Christian Democracy [DCG], is gravely ill. We repeat: The DCG presidential candidate is gravely ill, and this has forced the president to suspend his trip to Honduras. We are currently gathering all information to provide you with all the news about the serious condition of Alfonso Cabrera, who might have to cancel his participation in the 11 November elections. So far, however, this is only speculation.

We will keep you posted on what is happening within the DCG, which has announced an official communique will be issued within the next few hours concerning the illness of the DCG candidate. This week he suspended all campaign activities, particularly last night's event at zone 19 and the one he had slated for today at Santa Catalina. We are waiting to see what will happen with the DCG and its presidential candidate, and we will immediately inform our listeners.

Cerezo, DCG Leaders To Discuss Cabrera

PA2510200990 Guatemala City Radio Nuevo Mundo in Spanish 1800 GMT 25 Oct 90

[Text] The leadership of the Guatemalan Christian Democracy [DCG] met in the National Palace at 0900 to learn about the health of DCG presidential candidate Alfonso Cabrera. Some DCG leaders said he is out of danger but that he was hospitalized last night. Catalina Soberanis, DCG assistant secretary general, said that Cabrera's condition has stabilized but that she will be taking over the post of secretary general to coordinate party activities and organize the conclusion of the campaign. A news conference will be held at the ruling party's headquarters at 1600 [2200 GMT] to officially make known the medical status of presidential candidate Alfonso Cabrera, who canceled all his activities yesterday because of his bad health.

Reporters have experienced problems obtaining information about Cabrera's condition. There have been various reports about the presidential candidate's health. There were reports that there had been an attempt on his life and that this was why President Cerezo canceled his trip to Honduras today. Cerezo canceled a planned news conference and is meeting with DCG leaders. The public relations office of the Presidency told reporters that Cerezo would hold a news conference at 1000. Both local and international reporters went to the Presidential House but were told a few minutes later that the news conference had been canceled. Prior to the arrival of the reporters, however, some DCG leaders and the children of candidate Alfonso Cabrera arrived at the Presidential House. The president is talking with them right now, and it is believed that an official report on the situation might be issued late in the afternoon.

Further on Cabrera's Condition

PA2510202690 Guatemala City Radio Nuevo Mundo in Spanish 1800 GMT 25 Oct 90

[Text] Alfonso Cabrera Hidalgo, presidential candidate of Guatemalan Christian Democracy [DCG], was hospitalized last night at a private clinic after he suffered liver problems [congestion hepatica], possibly due to pressures in the last part of the political campaign. Alfonso Cabrera had been scheduled to make several campaign tours beginning on 23 October but they were canceled because of the candidate's serious condition. It was reported that he began to feel ill on 23 October.

He was urgently admitted into a private hospital last night. The name of the hospital has not been released but it is believed to be the Herrera Llerandi Hospital or the medical center. The Bella Aurora hospital, located two blocks from Cabrera's house in Guatemala City's 14th zone, denied he had been hospitalized there. There is concern in the DCG about Cabrera's condition. His private secretary, however, has told the media that he was out of danger and that the doctors had prohibited visitors.

Cabrera To Resume Campaign

PA2510225090 Guatemala City Radio Nuevo Mundo Network in Spanish 2109 GMT 25 Oct 90

[Text] This is a last minute news item. It was reported this afternoon that Guatemalan Christian Democracy [DCG] Candidate Alfonso Cabrera is out of danger after he suffered liver problems [congestion hepatica]. He is hospitalized at Los Cedros del Libano Hospital in zone 1, where he is in isolation due to the seriousness of his illness. Nevertheless, the DCG announced a few minutes

ago that the ruling party's presidential candidate is out of danger, and that later—at about 1600 or 1700—the party leadership will announce that DCG General Secretary Catalina Soberanis will take over Alfonso Cabrera's presidential campaign.

According to the information to be released this afternoon, Catalina Soberanis will head the DCG's presidential campaign. DCG followers will be asked to remain calm and be patient, as presidential candidate Alfonso Cabrera will resume his scheduled campaign program as soon as he recovers. It has also been learned that the private hospital treating Alfonso Cabrera ever since he suffered his pancreas [as heard] ailment—also known as pancriatitis—is trying to keep him away from the campaign until he fully recovers. His recovery time, however, is not expected to be so long as to prevent him from resuming his scheduled campaigning. Cabrera will not be going to Suchitepequez this weekend as was previously planned.

Cerezo Calls Meeting 'To Calm Down' Military

PA2510233890 Guatemala City LA HORA in Spanish 23 Oct 90 p 2

[Text] President Vinicio Cerezo met this morning with high ranking Army officers and base commanders "to explain" to them the country's political situation and "to calm down" some military officers who support the candidacy of General Efrain Rios Montt.

The meeting took place this morning in the Mariscal Zavala Military Base (general headquarters). The president arrived two hours late for the meeting.

The high ranking officers were at the base at 0830 and had to wait for 90 minutes before they knew what issue would be discussed.

According to a government source close to the president, Cerezo decided to call the military officers to the meeting "to prevent unrest," because he knows that General Rios Montt enjoys the sympathy of various Army officers.

The military leadership (the defense minister and others) advised President Cerezo to explain the legal process that prevents Rios Montt from participating as a presidential candidate in the 11 November elections.

On Friday, when the Constitutional Court announced its "constitutional impediment" ruling, which was contrary to Rios Montt's aspirations of becoming a presidential candidate, Cerezo decided to call the military officers to a meeting to prevent, according to a reliable source, the possibility of a coupist movement.

Although the president's speech was not made public, it was reported at noon that Cerezo gave a detailed report on Rios Montt's legal status, and explained that the case had not been "manipulated" to defeat his aspirations.

Cerezo's military advisers believe that the president has "an extraordinary ability to win others over," and this is why the meeting was promoted.

Presidential spokeswoman Claudia Arenas said this morning that she did not know about the meeting. She noted, however, that "if it took place," she would view it as "normal," because the president continuously engages in this sort of activity.

It has become known that at various Army levels there is "sympathy" for Rios Montt's candidacy and this is why the adverse ruling has produced "unrest." There is no clear evidence, however, of any movement against institutionality.

During the weekend, Rios Montt said that he does not support "any coup attempt," but noted that he "cannot control the emotions of people, because I am not a sorcerer." He also declared: "I will be president in January 1991."

President Cerezo has already survived two coup attempts. Both took place in the month of May (one in May 1987 and the other in May 1988). Both of those coup attempts were promoted by groups annoyed with the policies of the Christian Democratic government, and neither had any support from the officer corps.

Rios Montt To Continue Political Campaign

PA2510135390 Guatemala City Teleonce Television in Spanish 0400 GMT 24 Oct 90

[Text] The organizations that make up the No Sell Out platform have agreed that General Efrain Rios Montt will continue his political campaign for the Guatemalan presidency. This alliance's press center released a communique announcing that Rios Montt and his running mate, Harry Howell Whitbeck, will continue their political rallies and, in the meantime, the electoral propaganda of the PID [Democratic Institutional Party], FUN [National Unity Front], and FRG [Guatemalan Republican Front] will continue normally through the media and other public methods.

The communique states that this decision is based on a conclusion reached by Rios Montt's advisers, who feel that his registration will prevail. The No Sell Out platform refers to the fact that the Supreme Court ordered Rios Montt's definite registration at the Citizen's Registry Office on 12 September and the registry office registered him. Later, on 12 October, 30 days after the registration, the case was considered legally closed.

Rios Montt's alliance admits that the Constitutional Court did reject a temporary amparo that the Supreme Court granted Rios Montt. The alliance adds, however, that the Constitutional Court has no legal power to annul the registration of candidates to posts elected through popular vote.

In addition, the coalition stated that the biggest part of the legal procedure concerning the Rios Montt case was

full of irregularities, in form and substance. Thus, Gen. Rios Montt will continue, without any changes, his political campaign for the Presidency, the communique issued today concluded.

Court Rejects Writ on Rios Montt's Candidacy

PA2610014290 Mexico City NOTIMEX in Spanish 2152 GMT 25 Oct 90

[Text] Guatemala City, 25 Oct (NOTIMEX)—The Constitutional Court of Guatemala today rejected the amendment of a judge's decision requested by former President Efrain Rios Montt to participate as presidential candidate in the 11 November elections.

The ruling on the writ, which was filed by the political parties that support General Rios Montt's candidacy, has exhausted all the legal channels that the former de facto ruler had to become a candidate for the Presidency of the Republic.

The writ was filed after the Citizens Registry of the Supreme Electoral Tribunal, the Supreme Court of Justice, and the Constitutional Court denied Rios Montt's registration because of his participation in the 1982 coup d'etat.

Upon notification of the ruling, Rios Montt urged his followers to carry out a peaceful resistance by annulling their votes on 11 November.

Bolanos on Army's Role in Electoral Process

PA2510201590 Guatemala City Teleonce Television in Spanish 0400 GMT 24 Oct 90

[Report on interview with Defense Minister General Leopoldo Bolanos by unidentified reporter; place and date not given]

[Text] According to some sources, the main point of the talks between President Vinicio Cerezo Arevalo and the military chiefs allegedly was the recent outcome of the legal case concerning General Efrain Rios Montt. Cerezo Arevalo reportedly took the initiative to hold this meeting following advice from the Defense Ministry and led by indications that Rios Montt's candidacy had created some expectation within the Army, some favoring and some opposing the legalization of his presidential candidacy.

[Begin recording] [Reporter] Mr. Minister, is it true that there are officers who sympathize with Rios Montt's candidacy?

[Bolanos] Well, as the person responsible for the armed institution, I can tell you that instructions have been given to military personnel, especially the officers, to guarantee that the Armed Frces will play the role of guarantors, instead of arbiters, in the electoral process. Consequently, officers are subject to becoming the target of psychological campaigns carried out during the electoral process. Each party carries out a psychological campaign to sell a product, which is a candidate or a government platform. These campaigns are aimed at the minds, heart, stomach, and even the guts—we might say—of all Guatemalans to attract voters.

Officers watch television, listen to the radio, and read newspapers. It helps them reinforce their opinion about what is occuring in the country. As an institution, however, the Guatemalan Army no longer has to worry every time there is an electoral campaign. We are servants of the state and what we want to do is to continue our career, complete our time in service, and retire with the professional dignity that every military officer should have. [end recording]

Gen. Bolanos said that he does not believe there will be election fraud but he referred to the Army's role if such a situation would arise.

[Begin Bolanos recording] Our laws say that there is a Supreme Electoral Tribunal that is in charge of the election process. We have a Supreme Court that is very professional and competent and, as if that was not enough, we have a constitutional court that hears important cases on legal matters, cases that the Supreme Court has heard. Consequently, we have nothing to do unless the executive calls on us to take any action. [end recording]

Rivera Denies Rumors of Military Coup Attempt

PA2510212790 Panama City ACAN in Spanish 2000 GMT 25 Oct 90

[Text] Guatemala City, 25 Oct (ACAN-EFE)—Ariel Rivera and Rodolfo Maldonado, Guatemalan foreign minister and labor and social welfare minister, respectively, denied today that a coup attempt against Vinicio Cerezo's government had taken place.

Maldonado, who is also a member of the ruling Christian Democratic Party's General Directorate, denied rumors circulating in political and legislative circles that the president had suspended his trip to Honduras, scheduled for today, due to alleged military movements.

According to these rumors, the alleged uprising was provoked by officers who side with retired General Efrain Rios Montt. Rios Montt has not been allowed to run for president in the 11 November elections due to a constitutional ruling that forbids coupists, like him, from running.

Maldonado said that Cerezo suspended his trip to Honduras "as a gesture of solidarity" with Christian Democratic Party presidential candiate Alfonso Cabrera, who is hospitalized with a serious pancreas ailment.

The labor minister explained that all sorts of "rumors" are more likely at this time, including coup rumors.

Guatemala will hold general elections on 11 November, and opposition political leaders have accused the Christian Democratic Party of preparing a fraud to favor Cabrera.

"There have been no destabilization problems. Everything is quiet," the labor minister said.

Foreign Minister Ariel Rivera also denied there had been a military uprising against Cerezo.

Honduras

Official Reports Cancellation of Cerezo Visit

PA2510160290 Tegucigalpa Voz de Honduras Network in Spanish 1145 GMT 25 Oct 90

[Text] Attention, we have last-minute news. Guatemalan President Marco Vinicio Cerezo Arevalo, who had been scheduled to make a 24-hour visit to Honduras today, will not be coming. It has been learned he will not be able to make the trip. Eugenio Castro Claramount, press director of the Honduran Foreign Ministry, will confirm this news:

[Castro] Good morning, I am calling to inform you that late last night I was notified that Guatemalan President Marco Vinicio Cerezo Arevalo will unfortunately not be traveling to Honduras today. As we all know, he was scheduled to arrive at 0900 and to return to Guatemala early tomorrow. The Guatemalan president, however, will be unable to leave his country today because of reasons beyond his control [motivos de fuerza mayor]. His visit to Honduras has been postponed. We do not yet have a new date for the visit. I have called Voz de Honduras to announce this to the people, especially the journalists who were going to cover the Guatemalan president's arrival at 0900.

[Reporter] Will the Guatemalan president's visit take place in the second half of November, because we know that there will be general elections in Guatemala in early November?

[Castro] I cannot give you more information at this time. I do not know when he will come. The only thing I know is that I was told late last night that he will be unable to come today. We will see when the visit can be rescheduled.

Nicaragua

Powers Resolution on Presidential Absence Passed

PA2610021690 Panama City ACAN in Spanish 2156 GMT 25 Oct 90

[Text] Managua, 25 Oct (ACAN - EFE)—The Nicaraguan National Assembly today passed a resolution that defines how President Violeta Chamorro is to delegate presidential functions during times of her "temporary absence."

According to the resolution, the Legislative Assembly, at President Chamorro's request, will resolve the problem that arises each time she travels abroad to attend official business and does not delegate power to Vice President Virgilio Godoy.

The Legislative Assembly defined as temporary absence "the absence from the national territory (by the president) for more than one month without National Assembly authorization," or "for a time exceeding that period."

Under those circumstances, the National Assembly shall convene a special session to determine the existence of a "temporary absence" and will delegate presidential functions to whomever the functions correspond under the Constitution's Article 149.

Eleven of the 51 deputies of the pro-government National Opposition Union (UNO) who are loyal to Godoy voted against the resolution, which received Sandinist backing.

Violeta Chamorro has left the country four times on official business, and on none of these occasions has she delegated her authority to Vice President Virgilio Godoy, who has declared himself "acting president" whenever the president travels abroad.

Ortega Explains FSLN Stand on Dialogue

PA2510191890 Managua BARRICADA in Spanish 24 Oct 90 pp 1, 5

[Text] On 23 October, the Sandinist National Liberation Front (FSLN) called on all the forces participating in the national agreement talks to reach at once—with the necessary maturity, flexibility, and social responsibility—strong agreements to prevent the country from sinking into new outbursts of violence.

A FSLN communique, read before local and foreign newsmen by party Coordinator Daniel Ortega, stated that the Nicaraguan people expect, 34 days after the talks on a concerted action got under way, the agreements reached will protect the right to work of all Nicaraguans, secure financing for production is secured, and guard social services.

Replying to reporters, Ortega said: "The people cannot go on waiting. We are duty-bound to find a solution this week," because we have a chaotic and anarchic situation that is getting worse.

Ortega charged that yesterday the government introduced another document on the topic of an agreement. A document that constitutes a step backward in the points of consensus reached in a government document dated on October.

The FSLN leader said that through the channels of direct communication it has with the government, the FSLN will immediately join the effort undertaken at the Olof Palme Convention Center "to seek a solution to a situation that is turning more complex in the process of consensus."

The former president, accompanied by Commanders Henry Ruiz, Bayardo Arce, Luis Carrion, and Jaime

Wheelock, FSLN National Directorate members, stressed that the people are yielding too much in the process of consensus.

They are yielding their right to work and losing ground to famine and infant mortality, Ortega said, wondering: "What is the wealthy class, what are businessmen, going to yield."

Ortega said the differing and contradictory stances within the government should become defined into a single direction. "Either there is an agreement or there is not, but this must take place this week," the Sandinist leader warned.

Defining the contradictory stances, Ortega said that some want the agreement to be reached at the expense of the people, while others want to present views that are viable for the people.

He explained the FSLN statement was made because time is passing, and proposals and counterproposals are continually being submitted, eroding the consensus process.

"It is up to the government to act with the necessary firmness, maturity, and flexibility so that the agreement does not collapse," he warned.

The National Directorate felt that the document submitted by the government on 18 October contains substantial positive elements. He mentioned the specific proposals by the government, starting on page nine, on the reduction of the fiscal deficit, a reduction which considers adjustments based on the government's capability to obtain "foreign resources."

Another positive element is the unification of the currency. He said, however, that some controversial points require greater discussion, such as stabilizing the economy in the short run, a goal the FSLN thinks is impossible because of the country's situation.

Ortega added that point five is also controversial, as this point proposes freezing the wages of government employees, alternatives for the job adjustment plan, which the FNT [National Workers Front], the CPT [Permanent Workers Congress], and producers rejected.

Workers Support Privatization

Commenting on the remarks by Ramiro Guardian of the Cosep [Higher Council of Private Enterprise] on privitization, Ortega said: "The problem is that some extremist stances stem from a mentality that is behind the times." He said those stances, which he termed as inspired by ideologies, aim at boycotting the consensus effort.

He recalled that the Sandinist revolution promoted a mixed economy and encouraged the development of private enterprise, and so "it makes no sense to talk of privatization." The workers are ready for a privatization that favors them, he said.

Ortega said that following the meeting of the government and the FSLN with the U.S. ambassador on 27 September, a meeting held at the initiative of the United Nations, the UN representation has continued to play an active role with the government and the FSLN. Ortega also denied holding a later meeting with the U.S. ambassador.

Government Ministry Bans Sale of Firearms

PA2510224190 Managua Sistema Nacional de Television in Spanish 0200 GMT 25 Oct 90

[Text] The Government Ministry issued a communique today canceling all permits to sell firearms; these permits were previously issued to individuals or firms. The communique reminded citizens that the Government Ministry is the only government office authorized to extend the permits to sell firearms. In conclusion, the communique reaffirmed that these measures are part of the Nicaraguan Government's program to continue disarming civilians to attain social peace and national reconciliation.

Search for Salvadoran Clandestine Radios Reported

PA2510233990 Managua Radio Corporacion in Spanish 2300 GMT 24 Oct 90

[Communique issued by the International and Public Relations Office of the Government Ministry; place and date not given]

[Text] The Government Ministry reports to the Nicaraguan people and the international community the following:

On 23 October, the Nicaraguan Government received an official report from the Salvadoran Government. According to the report, it has been established that in Managua Department there are three sites that Farabundo Marti National Liberation Front [FMLN] rebels have been using to broadcast propaganda to Salvadoran territory.

On orders from the president of Nicaragua and in compliance with the Esquipulas Agreement, Acting Government Minister Jose Pallais went to the reported sites to carry out investigations. He was accompanied by National Police authorities, Sandinist Peoples Army officers, representatives of the UN Observer Group in Central America, and two delegates of the Salvadoran Government. It was established that there are no radio equipment, arms, or subversive elements at any of the three sites.

The Nicaraguan Government guaranteed the Salvadoran Government that our country will never serve as a base for aggression against another country and that it is prepared to act in other cases with the same diligence with which it acted today. It will apply the same security measures, thus honoring the security commitments of the Central American area governments.

[Signed] The International and Public Relations Office of the Government Ministry.

New Soviet Envoy Presents Credentials

PA2610035990 Managua LA PRENSA in Spanish 24 Oct 90 pp 1, 12

[Report by Emilio Zambrana]

[Text] Mr. Yevgeniy Mikhaylovich Astakhov, new Soviet ambassador to our country, has presented his credentials to the Nicaraguan Government. He was received by President Violeta Barrios de Chamorro and Acting Foreign Minister Ernesto Leal.

Upon delivering his new credentials to the president, the new Soviet ambassador said it is a privilege to represent the Soviet Union in Nicaragua, "a nation for which the Soviet people feel great sympathy and respect."

He emphasized that the USSR is interested in keeping the ties of friendship and in developing its cooperation with Nicaragua "in different sectors."

The diplomat praised the new government's efforts at attaining peace and reconciliation through a dialogue in its foreign and domestic policy, and also its wishes at developing ties of friendship and cooperation with all the countries of the world based on the principle of nonintervention and sovereignty.

The credentials presented by the new Soviet ambassador state that both the USSR and Nicaragua "are facing difficult phases in their development," and that the two democratic processes have many similarities, as well as differences. The main goal of the two governments, however, is "to implement changes aimed at achieving democracy and a broad pluralism."

Ambassador Mikhaylovich praised the consolidation of democratic institutions and the constitutional order of the Chamorro administration, adding that his government views with satisfaction the new Nicaraguan Government's hopes of developing friendly and "mutually advantageous relations with the Soviet Union."

He also emphasized that there are new possibilities for more efficient and fruitful contacts between the two peoples and governments in the search for solutions to problems that afflict them and the whole world, concerning human rights, economic security, ecology, and the struggle against international terrorism and drug trafficking.

It is also known that President Chamorro will officially visit the Soviet Union in February 1991, and that she will meet with Soviet leader and Nobel Peace Prize winner Mikhail Gorbachev "to strengthen the ties of friendship and cooperation between the two governments."

Panama

Endara Discusses Coup Plot, Money Laundering

PA2610041490 Panama City Circuito RPC Television in Spanish 2306 GMT 25 Oct 90

[Excerpts] President Guillermo Endara said today that there are national and international groups conspiring against Panamanian democracy. Endara dismissed the alleged coup d'etat as an attempt to distract the public's attention. [passage omitted]

[Begin recording] [Endara] I would like to make a few statements. Among the persons with military training in Panama, there are some who are really capable of being policemen. There are others, however, who are soldiers to the bone, and Latin American soldiers are essentially coupist. Some of the soldiers are like that, but not all of them, thank God. There are some very dignified military personnel who know their new police role, but there are others who do not accept that new role and they always think about coups, even those who are retired. They only think about coups.

There are also civilians who are still living in the military period. They are living in the days when politics were conducted from the garrisons. Whenever they wanted to solve some political or money problem, they went to the garrisons. They miss that, they look to the military to solve their problems.

They miss the past, when the decisions were made at the garrisons, and not in the Presidential Palace. They miss that; that is what is happening in Panama right now. There is a group of soldiers and former soldiers who still live that life of the Latin American soldier, which is fundamentally coupist, and there are civilians who live and miss the militarist past in which everything was decided in the garrisons. About the names of the persons involved, I would prefer that the Attorney General announce their names.

[Reporter] Regarding reports playing down the importance of the guerrilla camps in Chiriqui Province, what information have you received, Mr. President?

[Endara] I have no concrete information. I have heard the same reports that you have probably heard. There are rumors, there are some statements that have been made here and there, but nothing concrete. In that case I may be naive, but I do not see any possibility of that being so.

[Reporter] Some say that your government is weakening due to events that are taking place in the country. What do you think about this?

[Endara] I do not think so. Every time you ask me or tell me about popular reaction against me, I cannot find any. I go to lower-class neighborhoods and the people greet me with such affection that it really moves me. A few days ago I went with you to the public market, and you know how they greeted me, you were there. They had some complaints, but that is what I am president for, and

I want to hear those complaints; I go to those places to hear the complaints. They complained with affection and respect.

I always go to different neighborhoods for different activities. For instance, I love going to mass in lower-class neighborhoods. Last Sunday or last Saturday night I went to San Miguelito to attend the Cristo Redentor mass and the people received me with affection and attention. Maybe the people do not agree with me completely. They criticize me and may complain that I could do more, but they receive me with affection, devotion, and even applause.

I do not agree with what you say; I see that the people really support democracy and freedom. I feel I am supported by the people and not by some pseudo-intellectual groups who consist of basically coupist dilettantes who long for the past. I feel the support of the people. [end recording]

Endara also faced accusations, made through international media, regarding his indirect role in money laundering. On that topic, Endara said that as director of Banco Interoceanico he has $200 worth of shares, and that the main depositors from South America whom he met are well-known, honest businesses.

[Begin Endara recording] I have been director and secretary of the Banco Interoceanico since the death of Galileo Solis, one of the first directors and the first secretary of the bank. As you know, I was Galileo Solis' disciple in legal affairs, and the owners of the bank asked me to replace him. I resigned from that office—I do not remember exactly when—I think it was around May or June of this year. The resignation has not been registered at the public registry because certain steps that are required by the National Banking Commission need to be taken.

I will not interfere because this is a personal affair, and the National Banking Commission should decide without my intervention. It would not be proper for the president of the Republic to get involved in a personal affair with a subordinate entity. So, that situation is clear: I have resigned as secretary and director of the bank. During the years that I was director we never, that I know of, dealt with anything even remotely linked to money laundering. During the years that I was director and secretary, I never had anything to do with drug trafficking or money laundering, nor was anything presented to the board of directors or to me on that topic.

I believe, due to my experience with Banco Interoceanico, that the accusations against it are totally unfounded. Banco Interoceanico is, however, detached from me; I only have two shares worth $100 each. Someone said that I had two percent, but that is not true; two shares are much less than two percent. [end recording]

A note sent to us from the Presidency of the Republic, which reached us just a few minutes ago, says that President of the Republic Guillermo Endara has presented his final, immediate, and irrevocable resignation as director and secretary of the Banco Interoceanico de Panama, S.A.—Interbanco. In a note to bank president Guillermo Ronderos Duran, President Endara expressed his thanks for having confidence in him since the death of Galileo Solis, even in his most difficult times, when he was persecuted by the now deposed military dictatorship and blacklisted.

Attorney General Orders Colonel Herrera's Arrest

PA2510211990 Panama City Radio KW Continente in Spanish 2015 GMT 25 Oct 90

[Letter from Attorney General Rogelio Cruz to Captain Leslie Loaiza, director of the Judicial Technical Police, issued in Panama City on 25 October]

[Text] Mr. Director, regarding the decree issued by this office on 25 October, which orders the detention of Colonel Eduardo Herrera Hassan, retired, on charges of crimes against the state, I am requesting that he be arrested and placed under the authority of the Attorney General's Office. I must also ask you to inform Mr. Herrera of the charges leveled against him and of his right to the assistance of a lawyer for all legal procedures that must be followed.

Names of People Arrested on Coup Charges Released

PA2610022990 Panama City Circuito RPC Television in Spanish 2354 GMT 25 Oct 90

[Text] A communique issued by the Attorney General lists the names of the people arrested so far on charges of destabilizing the government. In addition to former Colonel [Eduardo] Herrera, there is Lazaro Gonzalez, head of the Baru, Chiriqui Province garrison; Anibal Martinez, deputy chief of the Special Antiterror Service Unit, who admitted making the explosives; Carlos Ivan Moreno; and Julio Sanjur, head of the Alanje garrison, who was in charge of placing the explosives. According to the investigations now under way, some trade union leaders are also involved in the plan.

Banking Association Not Opposed to U.S. Treaty

PA2510224090 Panama City EL DIARIO INDEPENDIENTE in Spanish 24 Oct 90 p11

[Report by Josefa Cedeno]

[Text] Foreign Minister Julio Linares has stressed that the Panama Banking Association [ABP] agrees with the signing of a treaty to exchange information with the United States.

According to Linares, ABP and the bankers did not reject this treaty but they are worried about any agreement that may hurt their sector.

The foreign minister said that he is waiting for ABP to present its observations on this matter within six days. He added that he has held talks with ABP leaders about it.

The legislators have expressed dissatisfaction with this treaty which, according to them and to some bankers, hurts the country's banking system.

This treaty is meant to establish mutual cooperation in investigating banks that are said to be involved in laundering funds obtained from drug trafficking.

Colon Demonstrators Protest at Assembly

PA2610010190 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Oct 90

[Text] A group of demonstrators that left Colon City last night arrived in Panama City this afternoon. The demonstration was organized by political groups in Colon to demand social and economic assistance. The camera shows how other groups, while chanting antigovernment slogans, joined the demonstrators at the San Miguelito overpass. These groups were organized by well-known leftists and PRD [Democratic Revolutionary Party] members.

The demonstration became violent when several persons broke through the Legislative Palace's iron gates, while the security personnel were unable to stop them. Once inside the Legislative Assembly, the emotionally charged leaders of the demonstrators shouted slogans against the government and the legislators that were meeting there. Our footage shows groups and political sectors that supported the previous government taking advantage of the situation. It also shows workers' groups demanding their 13th month bonus and rejecting the amendments to the labor code and the government's economic plan. Afterward, the full session allowed two leaders of the demonstrators to express their concerns.

[Begin recording] [First unidentified speaker] Our province has been neglected for many decades by all the governments we have had, even before 1968. In 1959, Colon's working class organized an historic march against hunger toward this legislative building. A series of problems were presented at that time. The problems Colon faced at that time are still present, chiefly because of the policies this government and previous governments have implemented in our province.

[Second unidentified speaker] We are demanding compliance with the agreements made in the wake of a demonstration held on 8 October in the area known as Cuatro Altos. [end recording]

Chiriqui Officials Want U.S. Troops To Stay

PA2510164190 Panama City EL PANAMA AMERICA in Spanish 25 Oct p8a

[Report by Arexio Santos A.]

[Text] The mayors and some representatives of Chiriqui Province have said that Southern Command troops deployed in the province should stay, in view of recent events.

It was reported that corregimiento representatives are drafting a communique requesting a more frequent presence of Southern Command troops.

The recently foiled coup has caused some uncertainty in Chiriqui, because the people do not yet trust the National Police fully.

Some officers of the new Public Force, as well as others who belonged to the former Panama Defense Forces, and some civilians were involved in the attempted coup. Three officers are under arrest in Chiriqui.

Country To Pay Overdue Debt Interests by Dec

PA2510233790 Panama City LA PRENSA in Spanish 25 Oct 90 p1

[Report by Nubia Aparicio]

[Text] Guillermo Ford, second vice president of the Republic of Panama, has reported that thanks to the support from European countries, Japan, and China, Panama will be able to cancel its overdue interest payments of $540 million to international financial institutions.

Ford, who described his trip to the United States and Asia as excellent, said last night that Panama will probably cancel its debt before Christmas. Panama will, therefore, once again be eligible to obtain credit from international institutions.

Ford also said that in Japan he had signed an agreement with the Japanese Finance Minister for $100 million in insurance credits to guarantee exports and imports to and from Japan and other countries.

President To Attend Japanese Emperor's Coronation

PA2510215690 Panama City LA PRENSA in Spanish 25 Oct 90 p 1

[Text] Yesterday, the Cabinet issued Resolution No. 71 to authorize President Guillermo Endara to travel abroad on 9 November and remain outside the country for no more than 20 days. The president has been invited by the Japanese Government to participate in the coronation ceremony of His Highness Emperor Akihito. First Vice President Ricardo Arias Calderon will be acting president if President Endara's absence lasts more than 10 days. Second Vice President Guillermo Ford will be in charge if Arias Calderon is not available. The Presidency's information bulletin reported that this resolution had been approved in accordance with No. 2, Article 183, of the Constitution.

Argentina

Sources Reveal Plan for Military Takeover

PY2610012490 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1958 GMT 25 Oct 90

[Excerpts] Buenos Aires, 25 Oct (NA)—With the support of a commando group, retired Colonel Mohamed Seineldin planned to take over Libertador Building [headquarters of the Army Joint Staff] last Saturday, 20 October, and proclaim himself the new Army chief, military sources disclosed today.

According to sources contacted by NOTICIAS ARGENTINAS, the Seineldin-led group's plan was to create a situation similar to those created in previous uprisings, with the difference being that in this case, "the site that was seized would be more difficult to recover." In this way, Seineldin would have created a confrontational political situation "to make several demands, including the appointment of a new joint staff headed by a young general with a different view of the military situation," the sources said.

The current situation within the Army is described as "normal," although observers do not dismiss the relevance of recent events in Mendoza where a "Painted Faces" chief was relieved, and in Rosario where two noncommissioned officers were retired and another requested his discharge. They also recalled that less than a month ago, the noncommissioned officers of the 20th Mountain Regiment, headquartered in Jujuy, staged a sit-in to protest the salary situation.

One of the sources contacted by NOTICIAS ARGENTINAS affirmed that the Seineldin-led group's plans call for the takeover of a military unit "in the near future." The group's spokesman said: "We do not want things to cool off and, while the colonel is under arrest, we will demand recognition of his military status and his rank as a senior officer in the Armed Forces."

According to a source close to Aldo Rico, "Seineldin proposed taking over the Libertador Building where the guard is not reinforced on weekends; however, later, after evaluating the forces he could count on, he heard advice on making a political strike first by sending a message." The source added: "The plan called for Seineldin to send messages to all units from the Army headquarters, stating that he was the new commander in chief and asking to be recognized as such within one hour. If a unit commander did not answer, he would be considered a rebel." He added: "The Libertador Building takeover was to be staged on the night of Saturday, 20 October, and the messages were to be sent from the communications center at that time."

The source revealed that the operation [to take over a military unit] will be carried out by a commando group [words indistinct] a new pronouncement, taking into account that whoever leads the operation and seizes the military unit will hold it until Seineldin issues the order to abandon it." [quotation marks as received]

The source recalled: "When the Villa Martelli uprising was staged, Major Hugo Abete, who is now retired, had a similar stance at Regiment 6 headquartered in Mercedes, which he seized in support of Seineldin. On that occasion, Abete only changed his stance when Seineldin, who had to be flown to Mercedes in a helicopter, personally ordered him to do so."

The source said the operation will be led by a lieutenant general, but did not mention whether this officer is on active duty or retired.

The situation, according to the "Painted Faces," will cause "a decapitation of the military leadership and make room for some agreements."

At a secret meeting in which "plans for the operation" were drawn up, Seineldin may have told his supporters: "If Alfonsin negotiated then, how can Menem, who is not just a countryman, but a friend, refuse to negotiate?" [passage omitted]

While Seineldin is confined at IV Army Corps headquarters serving the sentence imposed by the Army Chief, the high command at Libertador Building has begun to evaluate the possibility of discharging him from the Army "for the serious faults he has committed."

The Buenos Aires evening paper EXTRA reports today that "Seineldin's relations with his spokesman, Enrique Grassi Susini, and with Lieutenant Colonel Leon," two of his closest associates, have cooled because of differences over the way they have handled the group's publicity in recent days.

CNEA Chief Discusses Cooperation With Turkey

PY2610001990 Buenos Aires TELAM in Spanish 1805 GMT 22 Oct 90

[Text] Buenos Aires, 22 Oct (TELAM)—The agreement that will be signed by Argentina and Turkey, which foresees the construction of a low-power nuclear power plant in each country and seeks to develop new markets, represents a technological achievement for the National Commission for Atomic Energy (CNEA) and reveals a new source of hard currency for Argentina.

CNEA Chairman Manuel Mondino announced in Turkey the creation of a binational association for the construction of two new CAREM 25 [expansion unknown] reactors using Argentine technology and Turkish financing. This will place Argentina in the international league as an exporter of nuclear technology, a field that until now was restricted to a few western world powers.

Although the agreement has yet not been signed, the great support for the initiative given by Presidents Carlos Menem and Turgut Ozal has decidedly consolidated the project. The initial negotiations began in May

1988. Following the completion of the legal and administrative details, the construction will begin by the end of this year or the beginning of 1991 at the latest.

The CAREM reactor has been developed by the Invap (Applied Investigation) Company. The main shareholder of this company is the CNEA, while the remaining shares are owned by Rio Negro Province. The unit is a small, fourth generation power plant whose main advantage is that it is modular and as such allows for expansion: from its initial 25 megawatts (mw) its power output can be doubled or tripled by just adding more modules.

Its electricity output is considerably smaller than that of the Atucha (365 mw) or Embalse (650 mw) power plants; however, it is less costly and its installation time is shorter, thus making it more suitable for the needs of Third World countries where financial resources are also significantly smaller. Another advantage is that its modular design means that energy can be supplied to small and distant towns that are not connected to a primary grid because of the high costs of cable laying and high-tension pylon construction.

Nuclear energy must be able to demonstrate that it is not only cheaper and longer lasting but also safer. The operational safety level of the CAREM design is 20 times better than that of the Atucha I plant, and it is virtually impossible for an accident to occur.

Mondino, who spoke with TELAM from Turkey, said that this association "should make us feel proud" since "doors to new markets will be opened and the presence of our technology will be felt" at an international level.

He said: "We have yet not signed anything," but added that President Ozal "has given the green light" and his "total support" to the project. He said that he considers that we are near "a very important date for Argentine technology."

The CNEA chairman, accompanied by Argentine Ambassador Leopoldo Saracho, spoke with the Turkish president for nearly an hour about the possibility of establishing a "joint venture" [preceding two words in English] for the installation of two prototype minipower plants, first in Argentina and then in Turkey, after which the association will begin selling the reactors to other countries.

Initial market research shows that sales of CAREM reactors will be successful in the Middle East, some Asian countries, Africa, and Latin America. Argentina will try to create a market in its area of influence—Latin America—and Africa, while the binational association will export reactors to other countries.

The CNEA has already installed two research and training units abroad within the framework of scientific and technological agreements. The first unit to become operational was the RP-10 [expansion unknown] in Peru on 19 December 1988. It has a capacity of 10 mw and also produces radio isotopes for medical use.

On 3 April 1989, the Nur (which in Arabic means light) reactor was installed in Dradia, Algeria. It has a capacity of one thermic mw and produces a small quantity of radio isotopes.

The association with Turkey will allow Argentina to begin selling nuclear power plants in the international market, and this will represent a good source of hard currency for the country. It will also reactivate a large industrial complex that is currently idle following the paralyzation of the Atucha II power plant.

Mondino remained for three days in Ankara, Turkey, before traveling to the Soviet Union "to sign agreements with that world power." He did not reveal the contents of those agreements.

Officials Reportedly Involved in Drug Trafficking

PY2510214390 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1316 GMT 25 Oct 90

[Text] Buenos Aires, 25 Oct (NA)—A press report released today states that more than 30 people, including officials and lawmakers from a provincial government, have been arrested and charged with being involved with a drug trafficking organization.

San Isidro Federal Judge Daniel Piotti is hearing the case. Although the prefecture and the Buenos Aires Province police are conducting the investigation under strict secrecy, it has been learned that 36 people have been detained and that an important amount of cocaine has been seized.

The CRONICA newspaper reported that a source of the investigating body had said that this is the biggest drug trafficking organization ever discovered and that "many people will be surprised when the names and posts of many of those" involved in this crime are published.

The gang reportedly used several vehicles, including trucks, which operated with "free transit" permits that were provided by the involved officials.

UOM Negotiations Break Down; Fight Planned

PY2510210890 Buenos Aires BUENOS AIRES HERALD in English 25 Oct 90 p 11

[Excerpt] (NA-DYN)—The Powerful UOM [Metalworkers Union] metalworkers union, affiliated to the CGT-Azopardo [General Confederation of Labor—Azopardo faction] labour faction, yesterday resolved to launch a battle plan for higher wages in the first days of November.

UOM, which generally toes a moderate line and has opposed a national strike by the CGT-Azopardo, made a U-turn yesterday in the wake of the breakdown in negotiations with management.

UOM's social action secretary Anibal Martinez announced that union leaders "have been authorized to define measures to defend our salaries."

On the other hand, union spokesmen yesterday said metalworkers would not go on strike on November 15 although workers free during the afternoon shift would join the demonstration called by the CGT- Azopardo.

Union sources said UOM would formally decide on its battle plan today, which may include partial walkouts as from next Thursday. [1 November].

UOM has rejected a 12 percent wage increase for October and is holding out for a least 15.7 percent (September inflation).

Martinez yesterday denied that recently-decreed strike curbs could hamper UOM's battle plan. "The protests planned by the union don't stem from a whim and have no political connotations. Nobody can deny us the right to defend our members." he argued. [passage omitted]

Agrarian Chief Comments on 'Wheat Crisis'

PY2510132490 Buenos Aires BUENOS AIRES HERALD in English 24 Oct 90 p 5

[Text] (NA-DYN)—Argentine Agrarian Federation (FAA) President Humberto Volando yesterday demanded that the government implement a "package of measures" to tackle the current "wheat crisis."

Volando first called upon the government to pressure the US and the EC to abandon their dumping practices and policy of agricultural subsidies, which he said caused "harmful economic effects."

He also demanded that short-term foreign credit lines for wheat producers be requested of the World Bank and the InterAmerican Development Bank (IDB), to enable farmers to withold the cereal from sale until international prices improved.

If this plea meets with no response, he warned, the FAA would have no recourse but to take the case to the International Court at the Hague.

Volando expressed "serious doubts" that with the present situation producers could delay their wheat sales for 90 days as suggested by the US. But as far as he was concerned, he said, sales should be delayed even further until "April or June."

He branded the fall in international wheat prices during the present 1990/91 harvest cycle as "the first signs of economic ruin for producers." Other pressures suffered by the agricultural sector he referred to were the increase in the cost of gas-oil and the depressed value of the dollar.

FAA Vice-President Rene Bonetto also spoke out on the crisis situation, explaining that the wheat harvest was sown with "an expected price of around 135 dollars a ton" while "they're now talking of 80 dollars."

Volando then criticized the government's maintenance of export taxes, set at nine percent for this harvest, and demanded that they be eliminated altogether. He also requested exemption from value-added tax (IVA) for wheat sales and that road tolls be waived for road traffic transporting wheat.

Additionally he called for the establishment of a fund to compensate producers for freight costs, which should be financed, he said, with the three percent tax levied on all exports "destined theoretically to finance statistics which in practice are never compiled."

Volando then disclosed that on November 16 there will be a meeting of producers in Tres Arroyos, in the Province of Buenos Aires. The aim of the gathering, he said, is to evolve a joint position with the Argentine Rural Confederation and with the CONICAGRO [expansion unknown] farm cooperatives.

Joint Naval Exercises End Off Coast

PY2510204090 Buenos Aires BUENOS AIRES HERALD in English 25 Oct 90 p 11

[From the "Argentina in Brief" column]

[Text] (DYN)—Joint Argentine-US naval exercises ended yesterday with the landing of Argentine Navy planes on the US aircraft carrier Abraham Lincoln off the Argentine Atlantic coast. Super-Etendard and Tracker [as published] planes from Argentina participated in the exercise together with the destroyer Heroina and the corvettes Parker and Granville. The exercises had begun on Monday [22 October].

Trade Seminar With Chilean Businessmen Planned

PY2510145590 Buenos Aires TELAM in Spanish 1306 GMT 24 Oct 90

[Text] Buenos Aires, 24 Oct (TELAM)—The Argentine-Chilean Complementary Seminar, which seeks to promote trade and joint ventures and to encourage Argentine and Chilean businessmen to establish joint investment projects, will be held 5-7 November in Santiago. Businessmen from the two countries will hold discussions during the three-day meeting to propose trade operations and eventual investment projects.

This was reported by sponsors of the seminar, representatives from the "Independence Bank" and "Aconcagua Univesity" in Argentina, and representatives from "Diego Portales University" and the "Development Bank" in Chile. They added that a similar meeting is scheduled for Mendoza in 1991.

Other subjects to be discussed are "foreign investment policy," "tax, customs, and tariff policy," "diagnosis of the agriculture sector, development prospects, and investment alternatives," "agroindustry," "transportation," the "metal-mechanical sector," and "tourism."

Trade Surplus Registers 62.4-Percent Gain

PY2510203490 Buenos Aires BUENOS AIRES HERALD in English 25 Oct 90 p 5

[Text] (DYN-NA)—Argentina's trade surplus amounted to 5.1261 billion dollars during the first seven months of the year, 62.4 percent higher than the same period in 1989, the National Institute of Statistics and Census (Indec) announced yesterday.

Exports amounted to 7.2 billion dollars, with the principal buyers being the US, Holland, Brazil and the Soviet Union.

Indec also released calculations that exports will reach 10.9452 billion dollars this year, a 15.32 increase from 1989.

Bolivia

Minister Objects To Shutting Down Mining Bank

PY2510222690 La Paz PRESENCIA in Spanish 14 Oct 90 p 7

[Text] Mining and Metallurgy Minister Walter Soriano Lea Plaza has reported that the World Bank has declared the Mining Bank of Bolivia [Bamin] financially unreliable because of its bulky portfolio of unpaid debts, which total $21 million.

The minister said that Bamin is included in the banking system's reorganization plan to prevent the burden of unpaid debts at state-owned banks from having a negative effect on the country's economy.

Lea Plaza added that a shutdown of Bamin has not yet been decided, although international financial organizations are asking the government to close it because of the serious economic problems it is facing.

The minister said the World Bank wants Bamin shut down, but the Bolivian Government will try to restructure it and keep it operational.

The idea is to retain the same objectives that prompted creation of this bank, such as support for and development of the mining activities of cooperatives and small mining enterprises, the minister said.

He believes Bamin should be converted into a mixed corporation in which the above-mentioned mining sectors would participate.

Brazil

Economy Minister Denies Policy Changes

PY2510160090 Rio de Janeiro Rede Globo Television in Portuguese 0900 GMT 24 Oct 90

[Interview with Economy Minister Zelia Cardoso de Mello by unidentified reporters; place and date not given—live or recorded]

[Text] [Reporter] The inflation rate has increased again in Sao Paulo, contradicting projections by the Economic Research Institute Foundation, FIPE, which registered an inflation rate of 12.72 percent for the period from 15 September to 15 October. The rate from 7 September to 7 October was slightly lower at 12.40 percent. The number of firms filing for bankruptcy so far is already three times higher than during the first half of the year. This month alone 17 firms filed for bankruptcy. Businessmen are saying that high interest rates, a lack of consumer interest in sales on credit, and the government's monetary and foreign exchange policies are to blame. The Economy Ministry has said that it will not change its monetary and foreign exchange policies unless the inflation rate drops. Economy Minister Zelia Cardoso de Mello is here with us. Good morning.

[Cardoso] Good morning.

[Reporter] Some very important firms have filed for bankruptcy in the last few days. This was the case of (Citropecina), Casas Pernambucanas do Rio de Janeiro, (Pesco Pisamillo), and Brazilian Cacao Export Companies. These bankruptcies made the Rio de Janeiro and Sao Paulo stock markets fall on 22 October. What do you think of the situation?

[Cardoso] We expected this to happen at some point. We said from the beginning of the program that our main goal was to force inflation down to a level of one or two percent a month and that to accomplish this we had to implement very rigid monetary and fiscal policies. We also talked about prices, because some companies insisted on maintaining the same inconsistencies that were denounced by the FIPE in August. We said that the informal indexation of prices and salaries was not consistent with our monetary policy. We repeated this from the very beginning.

What happened was that economic agents, operating in accordance with past practices, expected the government to implement last- minute changes to allow for some inflation, some monetary expansion which would accommodate them. We repeatedly said that we would not do that. This is the result. We have said that we would continue to implement the same monetary policy until the inflation rate drops to around two percent.

[Reporter] But that is exactly what happened last month. We had a very strict monetary policy in place. But when the financial system threatened to break down, the Central Bank gave in to some expansion.

[Cardoso] No, that is an incorrect interpretation. Different factors made the monetary base grow in September. We must remember that an important factor in the composition of the monetary base is the paper money in the hands of the population. The bonus, the threat of strikes in the banking system, and rumors on bank liquidations created an increased demand for paper money during September. It was a strictly technical reason that increased the monetary base.

[Reporter] We did not increase our spending?

[Cardoso] Absolutely not.

[Reporter] Do you think the number of bankruptcies may increase in the future? Businessmen are rather scared, thinking there will be more bankruptcies.

[Cardoso] I think there may be more bankruptcies in the future.

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But you seem to think that businessmen are solely to blame for these bankruptcies. If this is so, what do you think businessmen must do to prevent themselves from going bankrupt?

[Cardoso] They must reduce their prices and sell more. They must reduce their profit margin and abuses, in some cases. They must believe that the government's economic policy will react to different situations. I want to return to something you said earlier. I made the same comments at the FIESP [Sao Paulo State Federation of Industries] on 22 October. It is a mistake to attribute an eventual victory over inflation solely to the government. It is also a mistake to blame a situation like the one we are witnessing on the government.

The government barely reacts to the action of economic agents. The government launches a policy. If the economic agents do not cooperate, the government reacts and implements harsher measures. The victory over inflation, as well as the problems during the process, is not the exclusive responsibility of the government. Brazilian society must understand this. I told the FIESP entrepreneurs that I cannot accept that it is the government tht is to blame for this situation. We made it clear from the beginning that this was going to be our policy. They did not believe us.

[Reporter] How can you explain the rise in the inflation rate with high interest rates and a lack of liquidity? How can these factors operate together? Is it not inconsistent?

[Cardoso] I do not think that inflation is increasing. I did not have time to talk with the FIPE, but I would need more figures to judge. The index you have mentioned shows a very small increase of 0.3 or 0.4 of one percent. Inflation has in fact stabilized. I believe that it would have dropped if not for the Persian Gulf crisis. The proof is that we allowed an important fuel price increase, but the inflation rate increased only a small percentage, from 12.4 to 12.7 percent in a week. I think inflation has stabilized at this level. The economic team believes that inflation will drop rapidly when businessmen do away with the informal indexation and the state reduces spending for the elections. Inflation will not drop gradually; it will drop suddenly to lower levels.

[Reporter] What do you think of the FIPE forecast that the inflation rate this month will be 14 percent?

[Cardoso] It might reach that level because it has been changing in September and October. I must note that the FIPE registers the inflation rate every week. The inflation rate might rise to 13 percent one week and then drop to 12 percent the next. But I believe that the trend is toward stabilization. I keep repeating this because I believe that we are implementing the correct policy. This is the only correct policy to control inflation in Brazil. It is only a matter of time until we see positive results.

[Reporter] It is getting toward the end of the year, and businessmen are thinking of Christmas. Will the crisis last until the end of the year?

[Cardoso] If they find the money to finance their businesses, yes. If they do not, they will have to sell their products at cheaper prices.

[Reporter] Will interest rates remain high?

[Cardoso] Yes, to implement a tight monetary policy we need high interest rates. I have told businessmen as much.

[Reporter] But won't the high cost of money affect the final prices of products?

[Cardoso] Well, interest rates are a double-edged sword. But our long-term policy is to force prices down. We believe we will accomplish that.

[Reporter] Eduardo Modiano [Social and Economic Development Bank chairman] said yesterday that the government is preparing something like an auction of the internal debt, an exchange of government debts and payments for treasury bonds. Are you aware of the plan?

[Cardoso] I am not aware of it; I did not see the interview. It might be something he is thinking about proposing to the ministry. But I am sure it referred to past debts, old debts that the government has to its suppliers. The proposal might be to transform that debt in some kind of paper. It would not be an auction but a way to collect what the government owes these companies. But I did not see the interview, and I am not aware of the proposal. I would prefer not to comment too much on this point.

[Reporter] You visited the Senate yesterday and talked about the foreign debt. The senators were very impressed. What will this support mean in terms of negotiating the proposal that Brazil has presented to creditors?

[Cardoso] I think this support is absolutely essential if we want to avoid the problems we had in the past. One of these problems was the lack of previous domestic adjustments. Another problem was the lack of political support for our country's proposals. The support of Congress is essential. The support of Brazilian society, the communications media, and community and union leaders is important because the issue of the foreign debt is just as important as the issue of inflation. It is not a government issue; it is a national problem, and it should be treated as such. Therefore, any support for our negotiation of the debt is very important.

[Reporter] It is another instrument at the negotiating table. Negotiators can now say we cannot sign this or agree with that because the Brazilian Senate is opposed to it.

[Cardoso] A similar thing happens in other countries. It is very common in the United States. At this time, for instance, the government is participating in the Uruguay round of the GATT negotiations. Congress supports certain proposals and this support ends in January [as heard]. Therefore, if the issue is not resolved by January, the government will have to begin new negotiations with Congress. Negotiators have a lot more credibility when Congress supports them.

[Reporter] Our correspondent Juan Enrique Amorim said the day before yesterday that foreign bankers and creditors have told our negotiators abroad that interest payments are essential if negotiations are to be restarted. They want money, at least some money. Will the Brazilian Government give in?

[Cardoso] No, the Brazilian Government believes that interest payments are part of the package that will result from negotiations. We want to pay. We want negotiations to end. In the best style of the adage: We owe—we do not deny it—but we will pay as we can. [laughs]

[Reporter] Last week you said that you felt there was some sort of a campaign of destabilization and rumors from the bankers and creditors to make negotiations more difficult. Do you think there really is such a campaign?

[Cardoso] I think the possibility is always there. The campaign, for various reasons, is over now. But the possibility is always there. We should never underestimate our adversaries because they will use any available means at the negotiating table. But I want to insist that ours is the best, the most positive and most constructive position possible. Brazil has changed. It has a new government, a new president, and a consistent program. We want to reach an agreement. It is very important for us to reach an agreement. It is important for us to be able to meet our creditors under different conditions, perhaps as partners in our economic growth. If we can agree on clear rules and stabilize the economy, we will be able to implement an effective program for economic growth.

[Reporter] Thank you and good morning.

Collor Backs Economy Minister, Views Talks

PY2510122590 Rio de Janeiro Rede Globo Television in Portuguese 0315 GMT 25 Oct 90

[Text] President Collor will end his visit to Portugal on 25 October. In an interview with Silvio Bocanera during a train ride to northern Portugal, the president reasserted Brazil's position on the foreign debt negotiations.

[Begin recording] [Collor] I think the bankers' reaction was absolutely normal. It is part of the negotiation process. It encourages us, however, to continue on the same path; we are convinced that our proposal is correct and appropriate, not only for our government program but for our ideals, and it also fulfills the needs of the international bankers who hope Brazil will be reinserted into the international financial community. This reinsertion, however, must take place within the framework of the basic parameters Brazil has established—not unilaterally, since even the IMF accepted them—which is the concept of paying according to our capacity. This means we cannot pay that which we have no capacity to pay.

[Bocanera] Could you give an opinion on what happened in the Petrobras [Brazilian Petroleum Corporation] episode?

[Collor] I think that everything that is happening is part of the administrative process. Brazil has a president of the Republic who likes to govern and who likes to exercise his power to the limit of his constitutional authority. Therefore, when I see that someone does not fit in with the group to the detriment of the ideals that inspire us and the government program we promised to implement, I naturally have to replace that person to unite and better adjust the machinery.

[Bocanera] You think then that Minister Zelia reacted as she should have in that episode?

[Collor] Minister Zelia has my complete confidence. Besides being a good professional, she has something that some people do not: She has an ideal, a sense of public duty, as the entire government should have. Minister Zelia's behavior is absolutely correct, and she deserves my total support. She is making great efforts to defend our position in the foreign debt negotiations, the same position we have maintained since our campaign. [end recording]

Netherlander Links Brizola's Daughter to Drugs

PY2510121190 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 24 Oct 90

[Excerpts] Federal Police officer Fabio Calheiros today presented to the media Erik Terlien, a Netherlander who was arrested at the Rio de Janeiro international airport as he was trying to fly to Amsterdam with 1.8 kg of cocaine.

Calheiros said he is going to investigate Terlien's connections with Neuzinha Brizola, daughter of Rio de Janeiro Governor-elect Leonel Brizola. Terlien, who was staying at Neuzinha's apartment in Rio, said he was going to deliver the cocaine to her in Amsterdam. [passage omitted]

The Democratic Worker's Party has just released an official statement signed by Rio de Janeiro Governor-elect Leonel Brizola about the charges against his daughter Neuzinha.

Brizola said the charges could be true or merely the fabrications of a drug trafficker. He said he had talked to Neuzinha, who is living in the Netherlands. Neuzinha said she had given the keys to her apartment in Rio to an

acquaintance of her husband but that she had nothing to do with the activities this person may have carried out in Brazil.

Police Cite 'No Evidence' in Charges

PY2610025090 Brasilia Domestic Service in Portuguese 2100 GMT 25 Oct 90

[Text] Federal Police Chief Romeu Tuma said today that the police have no evidence incriminating Neuzinha Brizola in the drug trafficking case involving Netherlander Erik Terlien. Tuma said Terlien's declaration and the evidence collected from Neuzinha Brizola's apartment only involve evidence left by the Netherlander when preparing two kilograms of pure cocaine. For this reason, the daughter of the governor-elect cannot be implicated.

[Begin Tuma recording] There is absolutely no evidence to incriminate her, that she participated in this trafficking activity. There is a tremendous gap between a declaration with no proof whatsoever and evidence that could involve a third person in a questioning process.

Tuma added that Neuzinha Brizola has already denied involvement in any drug trafficking activity; however, she can be questioned by a local judge should she remain in the Netherlands. [end recording]

Police Discover Cocaine Laboratory, Seize Drugs

PY2610002590 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 25 Oct 90

[Text] A cocaine refining laboratory has been discovered near the city of Belem, in Para State. Five people were also arrested.

The laboratory is located in (Ananendoa), 30 km from Belem. Police found one kg of cocaine paste and two warehouses containing 30 kg of cocaine sulfate, the intermediate stage between cocaine paste and refined cocaine. All of the cocaine had been buried.

The traffickers used chemical products, stoves, and paper to filter the drug. Several 200-liter drums of ether and 111 gallons of oil were also discovered. Two employees were arrested.

Police believe that the cocaine came from Colombia and was then taken to Suriname by the river that runs behind the laboratory.

The owner of the laboratory is Carlos Roberto Martins de Alegria, who says that he is Brazilian but raised in The Netherlands. He is already under investigation for trafficking marijuana and for using false identities.

Two traffickers from Suriname were also arrested: Cleor Maria Celestina and (Robby Lonti).

Correction to Daily Analyzes Military Cuts

PY2410212490

The following correction pertains to the item headlined "Daily Analyzes Cuts in Military Budgets, Service," published in the 24 October Latin America DAILY REPORT, page 35:

Please make subslug read: [From the "Notes and Information" page: "A Problem To Be Confronted"] (providing missing subslug)

* Petrobras Gets Relief Aid on New York Market

91SM0037B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 11 Oct 90 p 1

[Report by Suely Caldas and Aluizio Maranhao]

[Text] Rio de Janeiro—Petrobras concluded a secret operation on the New York financial market yesterday in which it purchased $300 million in Brazilian foreign debt instruments, carrying out a government-approved plan to improve its financial situation without having to impose big fuel price increases within a very short interval, a move that would feed inflation to a dangerous extent. This action by the state enterprise on that market raised the price of Brazil's debt instruments from $0.22 to $0.26, although the company had been able to buy the papers at an average price of $0.215.

The strategy entailed purchasing the notes at a discount of 75 to 80 percent for subsequent conversion into cruzeiros at the Central Bank at their full value. This means that the company spent $64.5 million (5.78 billion cruzeiros) to buy that $300 million in paper; this will inject 26.9 billion into its treasury. The combined result of this transaction and the higher fuel prices decreed on Tuesday will be to cut the state enterprise's deficit from $1.2 billion (107.6 billion cruzeiros) to about $800 million (71.7 billion cruzeiros), thus restoring some of the company's working capital.

The news that Petrobras was in the debt instrument market did not begin to circulate until yesterday in New York, when the company concluded one of its last purchases, which included $50 million (4.5 billion cruzeiros) in notes redeemed from Bankers Trust. But the first purchases were made by the company last week, under the direct supervision of its president, Luiz Octavio da Motta Veiga, who had gone to the United States to make the rounds of major foreign banks.

Both the government and Petrobras avoided releasing any specific information on the plan to rescue the company's finances. The most that the firm's financial director, Reynaldo Villardo Aloy, would venture to say yesterday was that "fairly unconventional solutions were being worked out abroad." All this caution did not prevent the price of Brazilian debt instruments from rising, but enabled the state enterprise to buy at an average price of less than $10.26 [as published]. Every

time the price went above $0.22, the company withdrew from the market and waited for it to fall.

This was not the first time that Petrobras has resorted to converting Brazilian debt instruments. In the final days of the Sarney administration in February, the company was in a similar situation: domestic fuel prices were lagging 30 percent behind the cost of imported petroleum, the inflation rate was soaring, and then-Minister of Treasury Mailson da Nobrega had clashed publicly with the company because of that problem. The solution found at the time was for the National Monetary Council (CMN) to give Petrobras the green light to go to the United States and buy $1 billion in Brazilian debt instruments. This kept the company from having a substantial cash shortage when the incoming Collor administration took over.

* Petrobras Deficit Totals $1.2 Billion

91SM0037C Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 10 Oct 90 p 4

[Report by Suely Caldas and Aluizio Maranhao]

[Text] Rio de Janeiro—The government would have to increase prices of petroleum derivatives by an average of 78 percent all at once in order to bring them into line with the cost of imported petroleum, according to calculations by Petrobras that do not take the latest announced increase into account. So far, because of this difference between domestic fuel prices and the world price of a barrel of oil, the state enterprise treasury has a shortage of $1.24 billion (109 billion cruzeiros). If the imbalance continues, then this could reach $1.98 billion (174 billion cruzeiros) by December.

The difference in the tariffs on government price lists, mainly prices for fuels and electricity, has already given rise to a complaint to the government transmitted by the IMF mission that visited Brazil in August. Under the letter of intent which the government delivered to the IMF, the administration promised to charge real prices for government-furnished goods and services, but this has not been happening in practice.

The economic team is starting to deal with the issue of the fuel prices, according to a commitment made by Minister of Economy Zelia Cardoso de Mello to Petrobras president Luiz Octavio da Motta Veiga. Motta Veiga returned on the weekend from a trip and gave an optimistic report to the directors of the company concerning his meetings with bankers in New York and Washington. He succeeded in renewing practically all the company's short-term lines of credit, totalling about $2 billion (175.4 billion cruzeiros). Among the banks that finance Petrobras' foreign operations are 29 Japanese institutions, such as Mitsubishi and the Bank of Tokyo, which are responsible for $270 million (23.7 billion cruzeiros). Another piece of good news that Motta Veiga was able to give his directors was that Chase Manhattan, the U.S. bank, had not only renewed its $40 billion (3.5 billion cruzeiros) line of credit, but extended its term for three more years.

The president of Petrobras also took advantage of the trip to survey the market to find financing for its plans to drill for oil in the Marlin field—located in deep waters off the coast of Rio de Janeiro State—and for a plan to automate its refineries. Each of these projects requires $100 million (8.7 billion cruzeiros). Motta Veiga's report characterized the bankers' reaction as positive.

* Petrobras Priority To Be Expanded Exploration

91SM0037D Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 6 Oct 90 p 3

[Report by Jair Aceituno]

[Excerpt] Bauru—The crisis in the Persian Gulf and the rise in the price of oil on the world market led the Brazilian Government to adopt a new strategic plan to reduce the sector's dependence on foreign sources. Minister of the Infrastructure Ozires Silva said yesterday in Bauru that Petrobras' priority now is to intensify its exploration efforts in Brazilian territory and in foreign fields.

The company, which already drills for petroleum in Angola, has agreements that also enable it to work in Norway, on the British side of the North Sea, and in U.S. fields in the Gulf of Mexico. The minister did not reveal how much would be invested, or the zones in Brazilian territory where efforts will be expanded.

The minister said that the energy program must be able to offer the private sector "some long-term sign that it guarantees a financial return to those who invest in the production of alcohol." He reaffirmed the intention to continue the Proalcool program, but did not rule out the possibility that alcohol [vehicle fuel] will once again be in short supply during the period between [sugar cane] harvests. "Everyone knows that at the end of the previous government, Proalcool was in a crisis situation and that the alcohol production cycle is 18 months," he said. "We are trying to handle the problem of the 1990-91 interval between harvests, when the annual 15 percent gap between production and consumption is likely to make itself felt," he said. Silva believes that methanol would be a big help in rebuilding the stocks of alcohol.

"We hope that the distinguished judges and the people who are filing lawsuits against the use of methanol will show some comprehension of the situation. Methanol poses no threat to the public; this has already been proven, even by the environmental protection agencies in Sao Paulo," he added.

Silva also commented that when a commission appointed by President Collor finishes its studies in February, there may be a change in the price relationships between alcohol, gasoline, and diesel fuel. He kept silent, however, concerning the direction of such

changes. "We are in the same position as someone who jumped from the 20th story of a building and is now passing the 10th floor. He still has not hit the ground," he joked. [passage omitted]

* Conin Meeting To Reduce Reserve List Hailed

91SM0037A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 6 Oct 90 p 3

[Editorial]

[Text] The meeting of the National Council for Informatics and Automation (Conin), held on 4 October, marked the beginning of a new phase of "openness" for this important industrial sector on which so many others depend. For the first time, the council was not dominated by the intransigent nationalists or pseudonationalists who always managed to force this country to take a position even more radical and protectionist than the informatics law itself. The first major result of this meeting was that Brazilian companies won permission to enter into joint ventures with foreign companies, which will be able to contribute both money and technology at the same time. The concept of "domestic company" is also likely to change. Permission to develop these joint ventures represents a victory that corrects a distortion of the spirit of the law and remedies an abuse committed by the former SEI [Special Secretariat of Informatics].

More important, however, was what took place when the Conin met in plenary session. The administration's group, with its 12-representative majority, was not fully united. It advocated the open approach in principle, but disagreed on its extent and on how it should be put into practice. The discussion began with a list of 54 products submitted by the Secretariat of Science and Technology. The secretary of communications proposed that 18 of these be deleted, which would largely free up the field of telecommunication and fiber optics. The representative of the economy ministry suggested another 14 cuts, and those representing industry in general, under the auspices of the National Confederation of Industry, argued for the withdrawal of eight more products, among them the informatics equipment without which Brazilian-made cars would continue to be the kind of jalopies the president has been talking about.

The majority [as published] consisted of the representatives of Abicomp [Brazilian Association of Computer and Computer Peripherals Manufacturers], the data processing professionals, the journalists, and some others. They tried to disrupt the meeting and prevent any item from being brought to a vote. They failed because of the direct and determined intervention by Secretary of Science and Technology Jose Goldemberg. Although the longer list was a product of his department and had been reduced by Conin, when the time came for discussion he managed to keep everything, even the permission for establishment of joint ventures, from being postponed. The final decision at this first meeting of Conin was a positive development. More could not have been expected. The formation of joint ventures was approved, and in light of the disagreement among the representatives of the various entities under the Conin umbrella—even the government's own people—as to the size of the list of products that would remain under the market reserve, a smaller commission will study the subject. Thus a new, more technical, and precise list will be drafted and resubmitted, without fail, to Conin on 24 October.

It is important to note that the date has already been set and that the members of the committee have already been appointed. Perhaps now there will be no more postponements. We now know the views and intentions of each agency of the government, and we also have a feeling that the majority favors a genuine opening up of the Brazilian computer technology industry and permission for the importation of inputs for that industry so as to make it competitive within two years. From this point to the final adoption of a policy is just one step. In our opinion, the most important thing has already been accomplished: the nationalist radicals who always dominated Conin through the SEI were reduced to a minority and held in check at the first meeting. They no longer call the shots, and the government is beginning to move closer to a consensus on how far to go in opening up the informatics sector. The ministries of economy and communications have already made the expected cuts from the original list, and everyone in the administration now knows what line to follow. All that needs to be done is to follow through. We only hope there is no retreat from the progress made at that meeting, and that the session on the 24th can expand on it.

* Original SCT List for Informatics Reserve

* 13 Items, 60 Products

91SM0037A Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 20 Sep 90 p 1

[Article by Gecy Belmonte]

[Text] Brasilia—A list of 13 groups of 60 products that will enjoy a market reserve and guaranteed tax incentives until October 1992 was sent yesterday to the National Council for Informatics and Automation (Conin) by the national Secretariat of Science and Technology [SCT]. That list, however, may yet be shortened because experts in the economic field believe the "opening" would be too tentative if all the goods that appear on it were to be approved. Among the products for which the Secretariat of Science and Technology seeks protection are all microcomputers, microelectronics, peripherals, industrial process control equipment, facsimile machines, electronic telex machines, and commercial automation equipment.

Conin, which will make decisions on questions in the sector until such time as Law 7232 (the Informatics Law) is amended, has scheduled a meeting for 4 October. At that time, the 12 representatives from the government and the eight from the general public will discuss not only the products to be protected, but also the formation

of technological joint ventures. Except for the items on which Conin guarantees a market reserve, all the others would then be freely importable, controlled only by the import duty rates.

Yesterday, technical personnel from the economics agencies gave their first appraisal of the list submitted by the Secretariat of Science and Technology and pointed out two restrictions: one concerning group one on the list, which includes all microcomputers (8, 16, and 32-bit) and the Elebra, and the other relating to group nine, which covers the facsimile machines. In their opinion, the market reserve for the microcomputers also includes practically the entire microelectronics field, which is going to be an obstacle to the development of other industrial sectors, such as electro-electronics.

The issue of the facsimile machines is a point of contention because not only are domestic manufacturers not satisfying domestic market demand; they are charging prices that are eight times as high as those on the world market. The technical staff also noted that the protection afforded by the market reserve does not prevent the entry of contraband. To take facsimile machines off the list, they can cite the basic guideline given by economic secretary Joao Maia: "Any product whose price is three times higher than the world market and that is lagging two years behind in terms of technology will have to face foreign competition."

According to advisers to Minister of Economy Zelia Cardoso de Mello, the list contains two categories that are considered strategic and should be assured of protection until October 1992—industrial process control equipment and microelectronics, which include integrated circuits, transistors, and optical fibers. Those two product groups deserve incentives because they are vital to the mastery of the technology and the modernization of the industry.

The representatives of the government economic agencies who serve on the Conin will go to the 4 October meeting with a very clear position: to defend the reserve at the points where it is really necessary, and open up imports on the rest. Minister Cardoso de Mello's advisers observe that this was the reason for the change in informatics. According to them, the minister is no longer worried only about informatics, but about the electronic complex, which also includes entertainment goods and telecommunications equipment.

[Box]

The List That Goes to Conin

Following is the list of products subject to the requirement to obtain prior authorization for production or importation by 29 October 1990, as sent by the Secretariat of Science and Technology to the National Council for Informatics and Automation (Conin):

1. Processors:
Microcomputers, super-microcomputers, medium sized CPU's, large CPU's, and workstations.

2. Peripherals:
Magnetic disc units, magnetic tape units, video terminals, X-Y plotters, video monitors, keyboards, printers, and concentrators/multiplexers.

3. Equipment for commercial and banking automation:
Electronic scales, electronic cash registers, point-of-sale terminals, financial terminals, automatic payment machines, and currency counting/sorting machines.

4. Biomedical and analytical digital instrumentation; electrical test and measurement instrumentation:
Vital signs monitors, gas and liquid chromatographs, visible and atomic absorption ultraviolet spectrophotometers, automatic testing equipment, and electricity recorders/meters.

5. Process control equipment:
Digital process controllers, digital transmitters, digital distributed control systems, remote terminal units, event recorders, digital demand controllers and digital relays for electricity, longitudinal and transverse digital control systems for paper manufacturing.

6. Equipment for automation of manufacturing:
Programmable controllers, computerized numerical commands, and industrial robots.

7. Digital controllers for automotive electronics:
On-board computers, digital controllers for brake systems/anti-skid systems/power steering systems/electronic ignition and fuel injection systems.

8. Microelectronics and optical electronics:
Integrated circuits, transistors, hybrid circuits, LCD's, diodes, lasers, and optical fibers.

9. Terminal equipment:
Facsimile and electronic telex machines.

10. Data communications equipment:
Modems, multiplexers, compressors, communications controllers, and satellite communications equipment.

11. Public or private switching exchanges of the PABX type:
Telephonic or telex.

12. Package switching exchanges.

13. Digital voice mail equipment.

*** Sector Representatives Comment**

91SM0037B Sao Paulo O ESTADO DE SAO PAULO (Economic Section) in Portuguese 21 Sep 90 p 4

[Article by Leda Beck]

[Text] Manufacturers in the informatics sector are not satisfied with the content of the list of products submitted by the Secretariat of Science and Technology

[SCT] to the National Council for Informatics and Automation (Conin), which meets on 4 October. The list published yesterday by O ESTADO DE SAO PAULO maintains unchanged until 1992 the protection that has until now been guaranteed for an enormous range of products, a shield that applies to both production and importation. "That list reserves absolutely everything," lamented Vitorio Danesi, marketing director for Microtec Systems.

"They need to decide quickly what is going to lose the protection and what it will be possible to import, because we must end the suspense and get back to work," he added, referring to the fact that business in the sector has cooled off "because of the uncertainty provoked by the absence of a clear policy." Rui Campos, another director of Microtec and also a director of the Brazilian Association of Computer and Computer Peripherals Manufacturers (Abicomp), believes the list submitted by that entity to the Secretariat of Science and Technology "was more liberalizing than the one published by O ESTADO DE SAO PAULO."

Abicomp's proposal frees several products as soon as January 1991, among them biomedical and analytical digital instrumentation and digital electrical test and measurement instrumentation, 8-bit microcomputers, terminal concentrators, electronic scales, and several microelectronics items. Its plan gradually frees about 300 products over a four-year period, at rates that decline from one year to the next, leaving until 1994 the market segments where the domestic industry is less price-competitive, such as the 16-bit microcomputers.

Jose de Miranda Dias, vice president of the holding company for the Elebra Group, also found it hard to comment, because the published list is not the final one. "I do not know what the Ministry of Economy thinks of it, and that is the problem," said Dias, concerned about what kind of guarantees will be offered the businessmen in the sector to keep them investing until 1992. Yesterday morning, for the first time, a member of the economic team received the president of Abicomp, Carlos Eduardo Correa da Fonseca, another of its directors, Jose Rubens Doria Porto, and its executive secretary Arthur Pereira Nunes. The three met with the director of the economy ministry's Department of Trade and Industry, Luiz Paulo Vellozo Lucas.

* Maia Blames Business Practices for Inflation

91SM0034A Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Oct 90 p 6

[Interview with Joao Maia, national secretary of economy, by Nelson Torreao, in Rio de Janeiro; date not given; first six paragraphs are O ESTADO DE SAO PAULO introduction]

[Text] Rio de Janeiro—The national secretary of economy, Joao Maia, is in the eye of the hurricane created by the economic policy. It is his responsibility to combat price abuses and cartels. He is also in charge of the economic engineering involved in passing along the higher international petroleum prices to the domestic market and administering all other government prices and rates without adding inflationary pressure.

In this interview with O ESTADO DE SAO PAULO, Joao Maia reveals that the government has a strategy for "gentle adaptation" to the rise in petroleum prices, meaning that a sudden jump in prices is not around the corner. Maia is convinced that inflation is not falling below 12 percent because big business does not want to reduce its profit margins and is persisting in cartel practices brought on by years of regulatory economic policy.

The secretary of economy distinguishes between cartel practices and what he calls "price abuses." To combat those abuses, he recommends that the government make use of "any instrument that is handy." Despite that, he reiterates that the economic team is not thinking of reviving any kind of price control. "There was price control when inflation was running at 84 percent per month," he says.

The resistance to lowering profit margins is a general phenomenon, says Joao Maia, but it is worse in the raw materials and finished goods sectors, which are organized as oligopolies. Those sectors, the secretary adds, do not know how to calculate prices by firm because they have always been forced by the government to work with sectoral prices.

While pointing out that opening up to foreign trade is not a means of combating inflation in the short term, Joao Maia admits that some businessmen are taking advantage of the ease with which they can import to maintain or increase their profit margins. In his opinion, however, the businessmen's persistence in operating as a cartel constitutes a "suicidal strategy."

He adds: "If Brazilian industry is going to have to compete in the international market, it will do well to start practicing for it is its own domestic market."

[Torreao] Has the economic policy found the monthly inflation rate of 12 percent to be the best it can do?

[Maia] No, because 12 percent is not an inflation rate that can continue for a long time. It necessarily constitutes a transitional stage; it is not a desirable or an achievable objective. It is not possible to stabilize inflation at 12 percent per month. Actually, society and the most important economic agents resist a reduction from 80 percent to 12 percent more resolutely than they do one from 12 percent to one or two percent, which you can consider a stabilized inflation rate. For the first time in the history of Brazilian stabilization programs, society recognizes that the government has done all it could. It has adopted a monetary policy which everyone admits is suitable and serious and is not giving in to political pressure to help state-owned firms and banks.

[Torreao] So why is inflation not falling?

[Maia] We have no public deficit, public fares and rates were raised at the beginning of the plan and since then have been running far below the inflation rate, no one is claiming that the exchange rate is pushing inflation up, and real wages are also below the current rate of inflation. So it is obvious that businessmen and big firms have not only been refusing to lower their profit margins but have also been taking advantage of the import deregulation policy—which in the long run is unquestionably the correct policy—to maintain or even increase their profit margins. That is what has kept inflation from falling.

[Torreao] Has inflation again become something to be policed?

[Maia] Social behavior is never a matter to be policed. Action against cartels is as essential when inflation amounts to 10 percent as it is when there is zero inflation. What we are trying to say to the economic agents is this: resisting a reduction in profit margins to levels compatible with a stabilized economy is harmful to the country in the short term, but in the long term, it is a suicidal strategy. We do not want to destroy the firms; we want them to grow stronger. Cartels cannot survive in the atmosphere of an open economy. They have survived until now because the opening-up is only five months old, meaning that the distribution channels in the international market are still at a very incipient stage. Inflation is not something to be policed, but no country in the world can forgo a policy of coercion against those who organize to manipulate the market. If Brazilian industry is going to have to compete in the international market, it will do well to start practicing for it in its own domestic market.

[Torreao] When will the exemplary punishments begin?

[Maia] We need to work up cases in which we have legal support. We need to have evidence that can back up legal action against a cartel. That takes time; one does not just rush into it. We need legally defensible cases—cases in which legality is respected. That is fundamental. If there is evidence of a cartel, we will not back down; we will go to court, but we must have a legal basis for doing so.

[Torreao] Is it possible that the government will start controlling prices again through the CIP [Interministerial Price Council] or some similar mechanism?

[Maia] It was price control which caused the havoc in the economy. We had price controls when inflation was running at 84 percent per month. The CIP's activity was terribly harmful to the Brazilian economy. Price control is an approach diametrically opposed to the policy the government has been pursuing.

[Torreao] Why is the deregulation of imports not helping to reduce domestic prices?

[Maia] Foreign trade policy is part of the industrial policy and therefore constitutes long-range action. We do not feel that the policy of opening up to the outside is an important instrument in the short-term fight against inflation, although it helps. We will not compromise the industrial policy or the foreign trade policy to help meet the goal of combating inflation in the short term. In any case, the opening-up plays an important role as far as certain products are concerned, but it is not a powerful instrument for reducing inflation in the short term. It is a powerful instrument in the long term as it forces the firms to be more productive and more competitive.

[Torreao] Does the government still have hopes of reducing the monthly inflation rate to one digit this year, or is that a goal for 1991?

[Maia] There may be some pleasant surprises in the next few announcements concerning inflation levels. I do not like to make predictions concerning inflation. Inflation levels in Brazil are so volatile and expectations play such an important role that it is too easy to be mistaken when predicting what the rates will be. I am absolutely certain that inflation is going to drop. Since the government is pursuing the correct policy, it is just a matter of time.

[Torreao] Did you say that economic activity has not yet declined enough to cause inflation to drop?

[Maia] It is very difficult to estimate the extent to which activity must decline before inflation drops to one or two percent in an economy like Brazil's. Since the economy is so strongly cartelized, resistance to reducing prices is also very strong. The indicators show that the inflation level is not falling significantly. For a number of reasons, the automobile industry is working at full capacity, and that gives Sao Paulo's economy a fantastic boost. The state and municipal governments have spent fabulous amounts of money, mainly on the election campaign. The employment level in Sao Paulo is rising.

[Torreao] What will the policy on government rates and fares be from now on? Will the increases be more frequent?

[Maia] The policy continues to be that of truth in prices—fares and rates will be realistic but always tied to cost rationalization in the enterprises. It is not the government's intention to pursue an anti-inflationary policy by holding fares and rates down.

[Torreao] Concerning petroleum, will the higher international prices be passed on immediately or gradually?

[Maia] The price of international petroleum is necessarily going to be reflected in the domestic market—there is no doubt about that. But the government has a strategy for a gentle transition. We feel that this is important especially to Petrobras [Brazilian Petroleum Corporation] because a more gradual price rise will not increase the cost of foreign exchange and will therefore have less effect on one of the components of the domestic price of petroleum. The increases will no doubt be those necessary to cover the difference between the

price of petroleum when this administration took office on 15 March and the price at which the international market may stabilize.

[Torreao] Are the Ministry of Justice and the Ministry of Economy in disagreement over the fight against cartels?

[Maia] The Secretariat of Economic Defense in the Ministry of Justice has a strategic function to perform in the medium and long term, and that is to dismantle the cartels. That is essential if inflation is to remain low. In the future, it will have to be an independent agency with a high degree of respectability. But the process of dismantling cartels is a slow one. In the Ministry of Economy, we are pursuing a long-term policy but also a short-term one. Price abuses need to be stopped immediately with any instrument that is handy. The confusion that has existed lies in the fact that as far as the public is concerned, action against the cartels and action against abuses are one and the same thing and involve immediate action. And that is not actually the way things are. The problem of abuse requires immediate action. The cartel problem does not.

[Torreao] How do the cartels operate in Brazil?

[Maia] The cartel mentality is very strong. There are firms which practice cartelism and are so convinced that that is the best way to proceed that they do not even take the trouble to conceal it from the government. There are firms which all change their prices at the same time on the same day, make joint shipments, and sell without a stated price because they do not know what the price will be until the item is delivered. Those practices are absolutely illegal but difficult to prove. So legal action makes sense only if there is a very strong legal basis for it. Price abuse is different. I feel that price abuse calls for immediate action. And responsibility for taking that action belongs much more to the Ministry of Economy than it does to the Ministry of Justice.

[Torreao] What role does the government expect the so-called national agreement on the fight against inflation to play?

[Maia] Most of the countries which have carried out a successful stabilization program have negotiated a pact at some point. Sooner or later, the time comes when people consider that to be the path requiring the least sacrifice. When you have an inflation rate of 10 or 12 percent, such an agreement is entirely possible, but it is very difficult when you have an inflation rate of 80 percent because at that level, there is a very large loss with every day that passes. People have been strongly backing that path, because the alternative, in which the government would support its stabilization program on its own, takes a lot longer.

[Torreao] Would the government agree to discuss an income policy as part of that pact? Some economists feel that this is the right time for an income policy.

[Maia] Normally, an income policy is understood to be a policy for freezing wages or for indexing or predetermining prices and wages. I feel that what we need is a thorough discussion of what an income policy means today. In my opinion, this is the time to begin a more serious discussion of profit sharing rather than talking about indexing the economy, which is what an income policy is generally taken to mean.

[Torreao] Is the move to increase profit margins centered in a specific sector or is it a general phenomenon?

[Maia] The resistance to lowering profit margins is a general phenomenon. Even those sectors which should be competitive, such as bars and taverns, are indexing the prices they charge for a cup of coffee, pizza, and orange juice. But that practice is easy to overcome, because there is no solidarity among them. It is a habit. The movement is stronger in the area of raw materials because it is more difficult to find a new supplier of raw materials—doing so is not a trivial matter, even with the opening-up to the foreign market. And there are sectors which, being oligopolies, were encouraged by past governments to charge sectoral prices. They have never worked out prices of their own because they have been forced to go along with the prices being charged in their industry. For example, there is a price for beer and a price for soft drinks. No one expects to find the Brahma brand being sold for a different price than the Antarctica brand, even though that should be commonplace, as it is everywhere else in the world.

[Torreao] Are the emphasis on prices and the fight against cartels the characteristic features of a new phase in the economic policy?

[Maia] The economic policy is still exactly the same. It stands to reason that the emphasis may change from one month or one week to the next, but we have always recommended that there be gradual exposure to more competition and a law on the abuse of economic power. Actually, we are practicing for both those things now. It is not something new, but a phase that was planned for.

[Torreao] What is the government going to do to facilitate the sale of Brazilian products abroad now that the domestic market is being opened up to imports?

[Maia] That is a vital point. There is an interministerial commission that is supposed to suggest solutions to the problem of the ports, the problem of freight charges, and the problem of the excessive tax burden placed on Brazilian exports. There is also a fourth point, and that is the establishment of a foreign trade bank. If it is not possible to set one up with private capital, the government will have to create financing mechanisms for Brazilian exports. A privately controlled bank is not established by decree. If there is no interest in setting up such a bank, we will study alternative forms of financing. But we feel that there are good conditions for establishing a bank under private control.

*** Privatization Sparks Disputes Among Groups**

*** Associations Form To Participate**

91SM0007A Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 50

[Article by Mariza Louven]

[Text] The privatization processes already completed elsewhere in the world created great opportunities for the consolidation of corporate groups, and fortunes. Today in Brazil, there is a promise of intense rivalry among those who, pursuing varied interests, are looking forward to the big business deals that will come out of the privatization process. These are Brazilian or foreign groups, engaged in manufacturing or finance, that plan to compete by themselves or through associations. But the employees of the state enterprises, as well as countless Brazilians who are holding cruzados novos in accounts blocked by the Central Bank under the Collor Plan, are also hoping to be able to benefit.

Some, such as the Gerdau Group which is interested in iron and steel companies, want to increase their clout in their primary field of business. Others are motivated by reasons such as parochialism. That is the case of about 50 Minas Gerais State businessmen, from a wide variety of sectors, who are putting together an association in order to be able to compete for Usiminas, fearing that the controlling interest in that firm might otherwise pass into the hands of businessmen from other states.

At many state corporations, like Usiminas, the employees are also fighting for control. Workers there have been depositing a portion of their wages in an investment fund that will be used to capitalize a company set up especially to compete in the privatization process. The idea is that they will have more firepower this way. And although Embraer also has not been formally included on the list of privatization candidates, its employees, too, are already preparing to fight for the company.

Other cases that are being widely talked about are the Brazilian or foreign financial institutions that want to get rid of the "monkeys" represented by the Privatization Certificates (CPs) or the Deposit Facility Agreements (DFAs—instruments representing unpaid foreign debt). Among these institutions are Bradesco, which would like to convert more than $250 million in CPs; ABC Roma, another $400 million in DFAs; or Nacional, which wants to amass $1.5 billion in cruzado novo funds.

Some foreign banks plan to raise funds to finance buyers. This is the case of Sul America Scandinavian, which plans to attract $150 million in CPs and a similar amount in DFAs. Most of them, Citibank for example, also want to help their clients convert their cruzados novos—blocked at the Central Bank since the Collor Plan was announced—into stock of the state enterprises that are to be sold.

Demand for Announcements Surprises BNDES

With the recent publication of the first announcements under which firms will be contracted to appraise or direct the sale of state corporations, the race is on among consulting firms, auditing firms, and banks. Eduardo Modiano, president of both the Privatization Commission and the National Bank for Social and Economic Development (BNDES), was surprised by the degree of interest. By Friday, 83 copies of the announcement had been picked up from Companhia Siderurgica de Tubarao [CST—Tubarao Iron and Steel Company], 86 from Usiminas, and 78 from Copene.

Many of those who obtained copies obviously just wanted to find out about the terms under which the companies are being offered for sale, since fewer firms have actually registered to participate in the appraisal, or to act as privatization agents. So far, about 15 companies have submitted applications for registration to the BNDES Bidding Commission, says the head of the Office of Support to the National De-Statization Program, Eduardo Figueiro da Silveira.

Price Waterhouse, largest consulting and auditing firm in Brazil, is willing to act as privatization agent, reported Senior Partner Luiz Carlos Simoes. The same is true of KPMG, said Managing Partner Lion Sacks. Arthur Andersen prefers to work only in specific areas such as auditing, personnel, or financial analysis, for example—explained Senior Partner Fernando Marotta.

All three consultant firms will be able to work on either the seller or buyer side, probably opting for associations. The managing partner of Price Waterhouse, John Pallin, adds that the company is already associating with others to act as the agent in the privatization of CST. KPMG is also forming a joint venture, said Sacks, without identifying the partners. However, the consultants are critical of the short deadlines that are being set.

"It looks to me as if the government, in the rush to privatize, is setting deadlines in its announcements that are not feasible to meet. In other countries, the privatization of a major company takes about a year," said Sacks.

His concern is justified: any delay in executing the services will result in a fine of 0.1 percent per day on the total value of the contract. Default under any contractual obligation means another 10 percent fine.

Marotta notes that in addition to the problem with the deadlines, there are other issues that could be looked at again, such as the prohibition against banks, who are major holders of the CPs, acquiring an interest in the state corporations if they operate as agents. In Marotta's view, that makes no sense when you are talking about the public sale of shares. Modiano admitted the possibility of some flexibility in that regard.

Companies From Different Sectors Among Possible Buyers; Employees Uniting To Participate

Usiminas:

- Group coordinated by Adolpho Oliveira, bringing together small and medium-sized institutions: Segmento, Prosper, Patente, Spinelli, Cambial, and Schaim Cury.
- Employees
- Bradesco, in association with the American bank Salomon Brothers, wants to attract $1 billion in cruzados novos.
- BMG, a medium-sized Minas Gerais bank.
- The Gerdau Group.
- NMB Bank, a Dutch bank.
- A consortium formed by the trading companies Cotia and Intermesa; by steel distribution firms Rio Negro, Benafer, and Fasal; and by steel- using manufacturers Cofab and Mangels. The consortium seeks 20 percent of the Usiminas capital.
- Group of more than businessmen [as published] from various branches of business in Minas Gerais
- Nippon Steel, a Japanese steel firm that already has a minority interest in Usiminas, along with other Japanese investors who are members of Nippon Usiminas.

CST:

- A group coordinated by Adolpho Oliveira, bringing together small and medium-sized institutions: Segmento, Prosper, Patente, Spinelli, Cambial, and Schaim Cury.
- Employees.
- The Gerdau Group.
- The Villares Group.
- The Ferrostal Group.
- Bank of Tokyo.
- Kawasaki Steel, a Japanese steel firm that already has a minority interest in CST.

Acos Finos Piratini:

- The Gerdau Group

Mafersa:

- Employees.

Copesul:

- NMB Bank in a consortium with Sogeral.
- The Ultra Group.
- A consortium formed by the trading companies Cotia and Intermesa; by steel distribution firms Rio Negro, Benafer, and Fasal; and by steel-using manufacturers Cofab and Mangels.
- The Ipiranga Group.
- Fertilizer manufacturers from the National Association of Fertilizers and Investments Ltda., uniting Adubos Trevo, Copas—Companhia Paulista de Fertilizantes, Companhia Riograndense de Adubos, Copebras S.A., Galvani Fertilizantes, IAP SA Industria de Fertilizantes, Manah Fertilizantes, Produtos Quimicos Elequeiroz, Quimbrasil SA, Ama Brasil Investments Ltda.

Copene:

- Norquisa, which is controlled by the Odebrecht, Economico, and Mariani Bitencourt groups.
- Ipiranga.
- The Odebrecht Group.

Caraiba Mining:

- The Marvin, Paraibuna and Mariani Bitencourt Groups that bought Caraiba Metals.
- Brazilian Copper Company, which was bought by its employees.

Ultrafertil:

- Employees.

Acominas:

- A consortium formed by the trading companies Cotia and Intermesa; by steel distribution firms Rio Negro, Benafer, and Fasal; and by steel- using manufacturers Cofab and Mangels.

(This company is about to be put on the list of privatization candidates)

Cosinor:

- The Gerdau group.
- Construtora Queiroz Galvao.

(Attempts were made last year by the Sarney administration to privatize this company, but the courts blocked the effort. It is likely to be put back on the list of privatization candidates.)

Embraer [Brazilian Aeronautics Company]:

- British Aerospace, the largest aerospace company in Europe.
- Employees.

(This proposal to privatize this firm will be submitted to the commission and it will be out on the list.)

CSN:

- Employees.
- Trading companies.
- Customers that use steel.

(This firm is about to be put on the list of privatization candidates. The proposal will be made to the commission tomorrow.)

Miscellaneous:

- Banco Nacional, through a cruzado novo fund. Wants to raise $1.5 billion. Negotiating an association with a view to converting DFAs.
- Trevisan, in association with Crefisul, will be involved in putting together consortia of companies, and cruzado

novo, DFA, and Privatization Certificates funds. It has $10 million of its own money in CPs to invest. It has already done a study on Usiminas and Acesita for potentially interested parties.

- Bozano, Simonsen plans an association with an American bank for conversion of DFAs. Its cruzado novo fund will be formed by raising funds from this institution's own account-holders, whose average monthly income is 250,000 cruzeiros.
- Sul America Scandinavian wants to set up consortia of small banks, brokerage houses, and other companies that want to convert a maximum of $6 million in CPs each. The idea is to bring together $150 million in CPs with which to finance groups interested in acquiring an interest in the state corporations. It plans to attract $150 million in DFAs from Brazil's creditor international banks.
- ABC Roma plans to raise funds abroad. It has established a private fund, consisting of 12 quotas of $18 million each, to be marketed only in the Arab financial system. It wants to convert at least $400 million in DFAs. Working with Projecta (Carlos Geraldo Langoni's firm), it will advise the clients.
- Arthur Andersen, KPMG, Price Waterhouse and other consultant firms will also be able to act on the buyer side, providing consultant services.
- Itau is interested in participating in privatizations in the petrochemicals field.
- Bradesco wants to work through funds. The CP fund exceeds $250 million.
- Citibank has $700 million in its own funds to invest in privatization between now and 1994. It plans to work with cruzado novo funds and conversion of DFAs. It is interested in the steel and petrochemicals sectors.

Usiminas Has the Biggest Profits

Of all the state corporations put up for sale in this first phase of the privatization program, Usiminas is the company that exhibited the best financial performance in 1989; it had $336 million in profits and sales of $1.287 billion. CST is another rare example of a well-managed state enterprise: with annual production of 3.2 million tons of crude steel in 1989—13 percent of the Brazil's total output—CST customarily honors its commitments to foreign buyers.

But not all ten of the first privatization candidates are in enviable financial health. Five of the ten selected by the BNDES ended 1989 with a loss: Acos Finos Piratini ($71 million, in 1988); Cosinor ($7.1 million); Goias Fertilizantes ($8.44 million); Industria Carboquimica Catarinense ($6.1 million), and Mafersa ($53 million). Acos Finos Piratini, established in 1960 by the Rio Grande do Sul state government, operated at a loss for 16 years and so received assistance from Siderbras [Brazilian Iron and Steel, Inc.] on countless occasions.

Cosinor, established in 1939, is the oldest existing state corporation and has already been put up for sale twice: in both cases, the auctions were postponed by the courts. At the time, the Gerdau Group and Construtora Queiroz Galvao were mentioned as possible buyers. At its plant in Cabo (Pernambuco), Cosinor makes replacement parts for sugar mills; its losses in 1989 totalled $7.1 million. The health of Goias Fertilizantes was dealt a blow by controls imposed by the Interministerial Council on Prices (CIP).

Mafersa became the subject of acrimonious debates during the presidential campaign when the PT [Workers Party] candidate, Lula, charged that the company was being negotiated at a price below its market value. With two factories in Sao Paulo, the process of privatizing Mafersa launched in October [1989] was suspended by then- General Counsel of the Ministry of Justice Saulo Ramos.

*** Resistance from Unions**

91SM0007B Rio de Janeiro O GLOBO in Portuguese 16 Sep 90 p 50

[Article by Eline Velloso]

[Text] Privatization of state corporations is still likely to encounter strong resistance among their employees, principally workers at companies whose business the union movement argues is of strategic importance. This is the case at National Iron and Steel Company (CSN), a proposal on which will be submitted to the BNDES' De-Statization Commission tomorrow, and at the Electric Power, which the government also wants to privatize.

The sale of the two companies to private enterprise is vehemently opposed by the unions and federations representing the occupational categories they employ. Their main argument is that privatization hurts the country, but they do not conceal their fear of losing the state enterprise employee's status quo, which includes job security and wage levels that are sometimes higher than in the private sector.

This is the opinion of Luis Albano, a CSN metalworker and director of the Volta Redonda Metalworkers' Union (affiliated with the United Federation of Workers—CUT). According to Albano, CSN workers will not agree to the privatization of the firm under any circumstances, and if the government insists, it will have a tremendous fight on its hands.

"CSN is the most modern iron and steel company in Latin America. It is a profitable company whose financial crisis was caused by bad management. This asset will certainly become worthless junk if the company is sold to private enterprise," says Albano, adding that privatization would also result in layoffs, and cutbacks in the pay levels and the vocational training now assured by CSN.

Another argument used by the union movement to oppose the privatization of CSN is that the company has a monopoly on the production of tinplate (used by the packaging industry for cans), and privatization would mean transferring this monopoly to private enterprise.

The arguments advanced by the metalworkers at Volta Redonda are refuted by CSN president Roberto Lima Netto, who says there are two kinds of arguments: those that are merely excuses, and the real arguments. He characterizes as an excuse the issue of tinplate production, saying that what counts is the market monopoly, not the production monopoly, and the latter was broken up by the reduction in the import duties on that product.

Lima Netto acknowledges that union members' concerns about layoffs are realistic because in fact, he says, the company does need to dismiss another 2,500 workers. As regards the wage level, Lima Netto believes that, on the average, wages really are higher at the state corporations than in the private sector, but says that wages are actually lower at CSN because of the crisis the company is experiencing.

The reduction in wages and the loss of benefits and job security also worry Sonia Latge, director of the National Federation of Urban Workers, and an employee of the Electric Power. According to this union leader, working conditions at the Electric Power are vastly better than those that prevailed until 1978, when the Electric Power was a Canadian company. Latge said, however, that the key argument used by Electric Power employees to oppose the privatization of the company is that its business—distribution of electricity—is strategic to the country and should not be passed into the hands of private groups.

Chile

Bomb Explodes Outside UDI Leader's House

PY2510191890 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 25 Oct 90

[Excerpt] Joaquin Lavin, Independent Democratic Union [UDI] secretary general, said today that extremists will not frighten him, alluding to the detonation of a bomb near his house.

A bomb, which had been planted next to a car owned by Lavin's family, went off shortly before 2300 last night. Carabineros reported that the bomb had been wrapped in cloth and had a long fuse. Lavin and his wife and daughters were inside the house when the bomb exploded. Last night he made the following comments:

[Begin Lavin recording] The truth is that when you experience something like this, it is unwise to immediately begin analyzing it. I believe other people should interpret it. The important thing for me is that we are all fine. The children were inside the house and all of us are fine. The analyses will come later. [end recording] [passage omitted]

Commander Welcomes U.S. Congress Decision

PY2510191990 Santiago Television Nacional de Chile Network in Spanish 1700 GMT 25 Oct 90

[Text] General Fernando Matthei Aubel, the Air Force commander in chief, has said that the U.S. Congress decision to lift the Kennedy Amendment from the Chilean Air Force [FACh] is very positive because for a long time the FACh has been unable to obtain the equipment essential to keep it operational.

[Begin Matthei recording] I have struggled because I am responsible for keeping the FACh operational. I have consistently tried to make the United States understand that this is a serious problem and that flight security and human lives will be at risk while this problem remains unresolved. I have received support and understanding in this regard. [end recording]

Gen. Matthei added that he hopes the Kennedy Amendment will be lifted from all branches of the Armed Forces. He spoke at La Moneda Palace where he accompanied (Sir Peter Hardy), the commander in chief of the British Royal Air Force, who paid a courtesy visit to President Patricio Aylwin.

Army Reports Voluntary Resignations of Generals

PY2510125690 Santiago Domestic Service in Spanish 2200 GMT 24 Oct 90

[Text] The Army has reported that it has ended the regular legal process of personnel classification that it conducts every year. In a short note released by the Communications Department, the Army reported that six generals have voluntarily tendered their resignations to the institution. The note contained the names of the generals and indicated that [words indistinct] become official [word indistinct], once this is submitted to the appropriate authorities.

It has also been reported that General Pinochet will report on this issue to President Aylwin during a meeting requested by the Army.

Military sources have not confirmed or denied a report that General Guillermo Garin Aguirre, commander of the military institutes, has been named to conduct the internal investigation into fraud at the La Cutufa informal financing organization, in which an undetermined number of officers are reportedly involved.

16 Army Officers Discharged in Financial Scandal

PY2510222890 Santiago Radio Chilena Network in Spanish 1600 GMT 25 Oct 90

[Text] The 16 officers who were discharged from the Army for their connections with the illegal finance company Cutufa will be placed at the court's disposal as soon as the national Comptroller's Office officially presses charges. It has been learned that Brigadier General Fernando Torres Silva, the Army auditor general, was appointed prosecutor for the case, which he has 20

days to investigate. A legal officer was appointed as secretary for the investigation.

According to some newspaper reports, the following officers are allegedly involved in the Cutufa case: Brigadiers Enrique Leni, Marcos Derbich, and Fernando Castro; Lieutenant Colonels Jorge Bulto, Juan Carlos Garay, and Gerardo Paredes; Major Ricardo Gamboa and another one whose last name is Guajardo; Captains Gustavo Monquera, Francisco Marchesi, Rafael and Sergio Martinez, who are brothers, Pablo Iturriaga, (Gaston Ramoceda), who is currently detained, and an officer whose last name is Rubio; and another officer who has yet not been identified.

Relatives of Prisoners Occupy Peruvian Consulate

PY2510182490 Santiago Radio Chilena Network in Spanish 1600 GMT 25 Oct 90

[Text] A dozen relatives of political prisoners occupied the Peruvian consulate in Arica this morning, demanding that Military Prosecutor Juan Bautista Romo close the cases of six political prisoners. These prisoners were processed 22 months ago, but their guilt was not proved and sentences have not been issued.

Air Force Names Newly-Promoted Brigade Generals

PY2510181890 Santiago LA TERCERA DE LA HORA in Spanish 16 Oct 90 p 5

[Summary] General Fernando Matthei, Air Force commander in chief, yesterday confirmed that Air Force Colonels Maximo Venegas Fuentes, Carlos Infante Arneda, and Leonardo Prado Alvarez had been promoted to brigade general.

Chamber of Deputies Congratulates Gorbachev

PY2510131690 Santiago EL MERCURIO in Spanish 17 Oct 90 p C-2

[Text] Valparaiso—On 16 October the Chamber of Deputies unanimously and with applause approved a resolution submitted by congressional committees to congratulate Soviet President Mikhail Gorbachev on being awarded the 1990 Nobel Peace Prize.

The document states that the prize awarded to the Soviet leader "is fair and well-deserved recognition for his contribution to world peace."

*** Boeninger Influence, Style Analyzed**

90SM0282B Santiago QUE PASA in Spanish 6 Sep 90 pp 12-15

[Interview with Secretary General of the Presidency Edgardo Boeninger by QUE PASA correspondents; place and date not given]

[Text] His physique, although more foreign, reminds one of Quijote, long and lean. He looks one in the eye, speaks clearly and very rapidly. But this man is not alone as he duels with the windmills, although there is no question that it is he who decides when a political crusade begins. Secretary General of the Presidency Boeninger (65), "Rasputin," as some opponents are wont to call him, is involved in everything, he pulls the strings of power, and is the government's main negotiator.

He organized his secretaryship (which has just gained ministry status) using long-time aides and others picked with a fine-tooth comb, each an expert in his own field and transcending political alliances.

Entering the Palace from the Calle Moneda door, on the right one finds the main offices of the Office of the Secretary General of the Presidency. At the end of the hall is the minister's office, spacious, very spacious. It is possibly the driving force behind the government's most important ideas, the seat of Pinochet's "staff" whose last chief was General Jorge Ballerino (Boeninger refers to his predecessor as "a very intelligent, very courteous man whom I met for the transfer of power in February. We had a good relationship, but I have obviously not seen him again.").

His first degree was in civil engineering (at Catholic University), then in commercial engineering (at the University of Chile), so with good reason he is so skilled—according to both sides—in political engineering, a key question for the ministry he heads.

Boeninger was formally sworn in two weeks ago in Aylwin's office. Long before settling into La Moneda in March, he was already shaping up as a superminister. Very quietly and cautiously, this man participated in and directed the strategy of the 1988 plebiscite, the political program of the Coalition, the transfer of command, the parliamentary puzzle, the organization of the Cabinet, the negotiation of constitutional reforms and the human rights issue, and.... The list goes on and on.

Edgardo Boeninger is tireless. He naturally denies being a superminister: "We do not have operative functions and if the time ever came for us to do so, it would be a superministry belonging to systems that have lost their prestige, such as the old Ministries of Planning."

[QUE PASA] Among other things, the opposition claims you are the author of the government's human rights strategy.

[Boeninger] More than on any other issue, I would say that that is where the president has a central leadership whose objectives are truth, justice, and reconciliation. Through the Cumplido Laws, the Commission, there is a framework pointing to a path on which only the president can lead. Like many others, I lend my help."

And he explains: "To exaggerate a bit, what the government cannot do is spend the four years worrying about old problems, whether it be human rights or possible constitutional reforms. It must all be resolved as soon as possible. One key orientation of the government is

definitely that more of the second half of the administration must look to the future."

Finally, the minister admits that "I have indeed been involved in everything in recent years because it has fallen to me to participate in many things, but from there to saying I do everything.... That is just part of the myth." And he laughs.

But it cannot be for nothing that Boeninger said that after his term in government, he will write his memoirs of these years, something like the history of the transition in which, for the time being, he is one of the main protagonists.

Very useful in this task will be the little notebooks which the minister always carries and in which he takes notes at his many meetings. A quick thinker, Boeninger confesses he opted for this method some time ago, if he is not distracted or does not wander off to other things. He does not use a computer and generates tons of memoranda to be passed out.

An enemy of routine for many years, whenever he can (since he was rector of the University), he stays in bed after breakfast to write ("I'm lazy"). He likes to work at home, like President Aylwin, although he is less and less able to do so. An enemy of cellular phones, he goes to the movies or the track whenever he can. He loves sports (is an ambidextrous ping pong player) and reading novels. He has recently sunk his teeth into some Norwegian short stories.

In a way, Boeninger is an atypical Christian Democrat. Not only does he not spend his summers in Cachagua, as many of his colleagues do (preferring Tongoy), but he belongs—and perhaps heads—the group of technocrats in the semi-official party, as a result of which he has never been close to the "real" politicians. His personality would prevent it. He actually seems to resist them somewhat.

Certain Christian Democrats have with reason felt somewhat overrun by this efficient individual who decided and negotiated matters without consulting or including them. Today, however, those in the PDC [Christian Democratic Party] have clearly understood that they cannot monopolize him completely and are happy he does not pass all the die to them. The party worries about issues in which it has a particular interest, period. There was naturally friction when the DC took over La Moneda, as Boeninger himself admits, but he found a way to work things out: "All of us in government took a little time to see how we could operate with sufficient fluidity. For example, they told us that on proposals from the Executive Branch, we were not giving the parties any credit. We managed to set up a system whereby both parties and members of Congress are taken into account without stopping proposals initiated by the Executive Branch from emerging from the proper ministries."

Whatever the case, those in the party say he is consistent and loyal. "He is not one to use people and then, when they are no longer useful, throw them out." His DC membership is relatively recent. He was one of the last (along with Sergio Molina) to join the party before the 1973 post-coup recess. He was always a DC supporter but for him, holding a post such as that of rector of the University of Chile meant not actually belonging. He joined at a difficult time as a form of protest (and made himself heard when the time came) against the political situation in the country and university intervention and because he had always been interested in public affairs.

It is also claimed that there has been friction with a number of ministers from his party, particularly Enrique Krauss, an assertion he has systematically denied. "The three of us at La Moneda very quickly worked out an arrangement. We formed a team of which Krauss is the leader." In his opinion, there is no friction as the result of the delineation of duties. "For the precise purpose of not stripping the gears, we have been most careful to say that the function of this ministry is to support, lend its services, and exercise nonoperative coordination, because nothing is decided here."

However, he does admit that because of the many specific activities of the head of the Cabinet, he does not meet with him with the same regularity he does with the secretary general of government, Enrique Correa, with whom he forms a well-known couple at La Moneda.

How could it be otherwise when, every time they are together, their laughter can be heard from one end of the Palace to the other? "After all, working in a responsible manner does not mean one cannot have a certain amount of fun," Boeninger says, never concealing his close friendship with Correa. He does not hesitate for a second to label this socialist as "a stupendous guy, a prince!"

"I have the feeling that we all get along very well together, but Enrique Correa and I see each other practically every day. I have fewer daily meetings with Krauss because he has more activities that keep him busy."

According to ministry Under Secretary Ricardo Solari, "The Boeninger-Correa link is key," because for the secretary general of the presidency, communications is key. He must foresee conflict and become a "two-way conveyer belt," as he explains to his advisers. In other words, if Minister of Education Ricardo Lagos wanted a Teaching Statute, the funds had to be considered. Boeninger then talks with Foxley and tries to coordinate proposals from both. If it is necessary to talk to more people, even the opposition, he does so. No approach is ruled out if it might facilitate things.

The Office of Secretary General of the Presidency was created by General Pinochet as a staff which, as soon as the military government took office, acquired ever more power until it became a kind of ministry of ministries. It is there that strategies are worked out, scenarios analyzed, and ministries coordinated.

Despite its obscure connotation, the new administration clearly thought its structure was valuable for the government. It is claimed that Boeninger had the option to choose between the Ministry of Interior and the Office of Secretary General and opted for the latter, influenced by all the literature he had read on the preponderant role which the post plays in Western democracies. Nevertheless, the minister says he was never offered Interior and that "it would never have occurred to me to accept it because I have no background for many of the duties of the ministry and am not at all ashamed to admit that Enrique Krauss is a better minister of interior than I obviously could ever have been."

Boeninger did indeed have his sights set on the spot he now occupies. He was one of those who defended retaining the Office of Secretary, although with certain modifications, and of turning it into a ministry. For the secretary of state, keeping it as it was before "would result in a superposition of functions because at any time, it could acquire direct power emanating from the president in order to get involved in everything, going over everyone else's head. It was a vertical system. Now, in addition to having his duties very well defined, the minister bears political responsibility for his acts, not as it was before when officials acted in the name of the president and involved him in all their daily doings."

This is a "very Boeninger" law, very clear and very detailed. Nevertheless, these same offices recognize that the ministry is Edgardo Boeninger. For some, it would even have to be reorganized if he were not head of it.

He refutes that claim. "I have a team of highly-qualified persons who are dedicated and among whom all the work is distributed."

The minister, who generally lunches alone at his desk, is described by aides as "tireless," very intelligent, and cold-blooded.

A veritable Rasputin, according to one of his congressional opponents who is constantly invited to the Office of Secretary General at the Palace to give his opinion or "rather, to get us to take a stand." After all, he is a negotiator par excellence. With the diplomatic cordiality so characteristic of him, Minister Boeninger, in between his usual bursts of laughter, knows how to remain at a distance from problems, never losing his temper, the most basic quality of a negotiator.

There are those on the left who describe him as an "eternal budget director (a post he occupied in Eduardo Frei's government), always acting as an administrator of resources, negotiating and allocating." That same wing criticizes him for not having a long-range strategy: "There they work on the basis of calculations, tactics, and yellow lights that come on, but without any long-term goals or plans."

The story is told that when Boeninger was director of the Development Studies Center (CED), he was in charge of precisely that task: handing out work and money. The entire opposition passed through the CED in the seminars he organized.

Boeninger attended those intellectual meetings and, sponge-like, absorbed everything that seemed useful to him, later incorporating it into his written proposals.

He recognizes that the Office of Secretary General of President "has no political goals. The goal is to try to do things as well as possible. It is that simple. Contributing to the entire process of modernizing the government, coordinating better, and providing more effective advisory services."

The left has also said that the government lacked a political plan, that it needed a Portales. Boeninger himself replies: "There is indeed a plan determined by the president: first of all, to consolidate the democratic political system. There is a whole set of political reforms which the government thought it necessary to promote in order to complete the process. Second, reconciliation, trying to overcome those sensitive elements in order to look to the future. Third, we have an economy with capacity for growth that must be preserved and, unlike the previous government, we want to make progress toward greater social justice. Furthermore, this is a four year administration and we are therefore trying to leave the country prepared to face the end of the century looking to the future, reconciled, with a healthy economy and an atmosphere of cooperation replacing the old confrontations."

Ricardo Solari speaks of Boeninger with admiration, but does not compare the team unfavorably. Furthermore, he emphasizes, "these are persons of absolute trust because General Ballerino took his whole crew with him."

And that is not all! As in most of the ministries, little was left. Naturally, in this case, one must point to the example of the office of Isidro Solis which had been occupied by General Fernando Lyon, who made the personal decision to leave everything as is in the office. Solis thus became the envy of everyone else: He has a VCR, books, rugs, tables, chairs, even desk supplies from the previous administration.

The concept that rules this new ministry is efficiency.

Boeninger's aides admit they pay little heed to possible political pressure. This attitude, which keeps them hard at work, also turns them into a special area of La Moneda. Furthermore, when one adds the power the minister holds, it is not surprising that they are even viewed with some fear, a bit like an inquisition!

But, they smilingly say in the Office of the Secretary General of the Presidency, the truth is different, though they also think it is not bad for people to have such an impression. At least they get their information on time and never over the phone!

"Our degree of intervention depends on the complexity of the issue," Solari says, insisting that political strategies and plans come from the individual ministries. Despite this fact, everyone at La Moneda knows that "Boeninger is capable of generating several political programs a day."

Who Is Who in the Ministry

The Office of Secretary General of the Presidency employs 120 persons, over 30 of them professionals...and young.

They all agree on how smoothly the team works, for even though they work on a kind of island, they do not clash with one another or the rest of the departments of La Moneda.

It is divided into six different area (two more than under the previous administration) and, they say, none is a star. They take center stage depending on the issue at hand. For the time being, the least known is the one at the peak of his popularity, Jorge Rosenblut, who works with the "honorables."

However, each of the division chiefs is a key for the key minister.

Isidro Solis (Radical), Executive Division: a studious, clear, organized man. He plans the president's trips, carries the orders, avoids duplication.

Pedro Correa (PAC [Center Alliance Party]), Legal-Legislative Division: More domineering than the rest of the advisers and yet, he has the most experience in Congress. His job is to handle bills that come out of Congress.

Jorge Rosenblut (Independent), Division of Interministerial Coordination: Former World Bank official. Efficient, strict, methodical, expressive.

Ignacio Walker (DC), Division of Institutional Policies: Organizes members of Congress. Pleasant, understanding, good professional training, although his fellow travelers say he is too theoretical.

Angel Flisfish (PS [Socialist Party]), Studies Division: Pure reason, maintains a strict distance from the object observed, classifies everything. His function in the ministry is clear: thinking.

A factor of equilibrium and real key is Under Secretary Ricardo Solari (PS, Almeyda). It is he who adds the political touch, the complement needed by any team and such a technocratic minister. He works alongside Boeninger and his door is always open.

*** Influence of Cabinet Ministers Assessed**

90SM0282A Santiago QUE PASA in Spanish
16 Aug 90 pp 15-16

[Article by A.D.C. and L.G.]

[Text] They thought it might take over a year to have everything running smoothly and are therefore quite happy with themselves. They view it as an accomplishment that after five months in government, things are beginning to move forward and with some coordination, considering the very lack of order characteristic of democracy and the fact that when they took over the Palace, even a telephone book was not to be found!

Today, officials at La Moneda are evaluating their progress and are in general agreement. Aylwin is unquestionably in control, backed by "key" ministers, "fuses," and others who do not yet fit in either category.

The inner ring of power surrounds the president and includes Secretary General of the Presidency Edgardo Boeninger, Secretary General of Government Enrique Correa, and, in the economic sphere, Minister of Finance Alejandro Foxley. These are the three key ministers. Their stay in the government is secure. (If Ricardo Nunez is elected president of the PS [Socialist Party], however, he would ask that Correa be sanctioned for being excessively Aylwinist, neglecting distinctly socialist interests.)

And what about Minister of the Interior Enrique Krauss? He is also in the inner circle, but does not lead it. He has had his disagreements with Boeninger and Correa, but they have found a working arrangement. It had been thought that Krauss would move up, but it so happens that he has not managed to put together a good team (his closest adviser is Cabinet chief Jorge Burgos) and officials at the Palace lament the fact that he has not demonstrated the ability to put together programs. He is lacking in initiative. It is also disturbing that the head of the Cabinet has not taken over the task of coordinating the ministries, one of the most conspicuous weaknesses of the team.

Despite that fact, Krauss does have advantages. The fact that he is not excessively ambitious or manipulating means that he can unite views with credibility and is a conciliator. Furthermore, right now he is the man truly in charge of relations with the Armed Forces and, though on a de facto basis, he has managed to gain partial control of the Carabineros. However, he has not enjoyed complete success here either. He has not solved the problem of internal order. La Moneda is not so much concerned over the leaking of (retired) General Horacio Toro's report, as it is over the need to put an end to the corruption rumored to exist in Investigations.

Krauss has two other major advantages: direct access to Aylwin (they speak with total frankness) and his undersecretary, Belisario Velasco, is doing much better than expected. Krauss will not go over to the president, but the possibility of his taking over the Foreign Ministry, which does indeed have problems, has not been ruled out.

The worst rating by far is that of Enrique Silva Cimma.

The foreign minister does not have the training for the job, Palace officials agree, and, as if this were not

enough, he must deal with three strong personalities. Nor do Edmundo Vargas, Carlos Portales, and Heraldo Munoz make things easier for the foreign minister. The latter, whose many human qualities are recognized, simply does not participate in the Cabinet Political Committee. Whatever the case, the foreign minister deserves applause for the work which, expert jurist that he is, he did in the passport case, a report used by the president, an expert on trial law.

Various alternatives worthy of his talent have been considered. After all, Silva Cimma compromised his presidential candidacy for the Foreign Ministry. It might be the embassy in Moscow or perhaps the job of spokesman for the Coalition [Concertacion]. The point is that the presence of this Radical in the Palace is important if one wishes to continue the "little alliance."

Another official who has had problems is Defense Minister Patricio Rojas. "His biggest problem," they explain at the Palace, "is that he refuses to understand that he cannot be minister of defense because those duties are discharged directly by the president." He does not have good relations with the Army or the National Defense Staff.

However, he has succeeded in becoming a good "errand boy": Not a single problem has occurred with the Armed Forces that he did not first detect. Furthermore, the fact that his relations with the military are strictly protocol is not too important because, in the final analysis, the government is not interested in any deep friendship. It is difficult to see how he could lose a post in the Executive Branch. He might exchange with Defense, but it would be odd for him to leave the government. He belongs to the so-called "cosa nostra" at La Moneda, the DC [Christian Democratic] group headed by Andres Zaldivar which years ago had already clearly decided what ministries they would occupy when Aylwin became president. Moreover, his fate is guaranteed to be linked to that of Pinochet as commander in chief. If he should leave first, it would be interpreted as a victory for the general.

The case of Edgardo Boeninger is different. Both he and his ministerial team received brilliant evaluations. It is a fact that this tireless intellectual is one of the Palace brains and respected by La Moneda. If he does not occupy the post, he will clearly take up another, perhaps Interior or Defense, it is said. Just watching him tires one out. Two secretaries were assigned to him and one had to quit because she received no work: Boeninger likes to put his stamp on everything: organizing, coordinating, planning. What is even more difficult is that his plans actually function in practice. He is the great organizer of government strategies and its teams. It was indeed he who put together the parliamentary puzzle of the Coalition. He is a key man in constitutional reform and human rights negotiations. This mover and shaker has a temper and has been known to jump to his feet at meetings when he thinks inanities are being uttered. He has conflicts with Krauss, Lagos (they are now wrangling over the issue of the Teaching Statute), and Hamilton. He is less political and more technical.

Equally powerful and intelligent is the Secretary General of Government Enrique Correa. He reminds one of his predecessor, Francisco Javier Cuadra. Others go so far as to compare him with the deputy prime minister of the Spanish Government, Alfonso Guerra (astute and implacable). He was once Boeninger's partner, but his ambition and scheming have put a distance between them.

He has been friends with the president for years and his religious education allows him to handle a topic which the president likes: the Bible, which both know backwards and forwards.

He is a "simple guy" who calls a spade a spade. He controlled the left for the government and although his office functions poorly on the inside, the image he projects is absolutely different.

DC members of Congress criticize him harshly for not using communications to promote government action. The criticism does not bother him. The honorable members of Congress thus "forget" to attack policies taken up by Aylwin's untouchable: Alejandro Foxley.

Correa is the key and if he switches places, they will make him a candidate for the Office of Secretary General of the Presidency.

He is one of those who grows daily. Others, in contrast, shrink. Such is the case of Minister of Justice Francisco Cumplido. "Don Pancho" has dwindled in importance as he has been bounced around from one congressional office to another. Cumplido has not complied with expectations. "He is a love," but allows himself to be ruled by his emotions, has no advisers, and drafts his bills using his heart more than his head. He is one of the "fuses" who could be replaced by a Radical, perhaps Juan Agustin Figueroa.

In short, it is a political team lacking the leadership of the head of the Cabinet.

The case of the economic team is different. There, Minister of Finance Alejandro Foxley has everything down pat and pulls the strings without difficulty. He has a coherent team which, if it has made any one mistake, it has been that of political calculation. One example is the Lozapenco case in which the action was correct, but in which the political and social consequences were not measured beforehand. Something similar is happening with Labor Reform.

But this last case involves Minister of Labor Rene Cortazar, a good lightning rod for Foxley. It has all been figured out. He is another fuse who, in the judgment of the Palace, offers one great advantage: an efficient undersecretary, Eduardo Loyola.

Another individual on very solid footing is Minister of Economy Carlos Ominami, who is solid, has a good team, knows what he is doing, and gets along very well

with Foxley. The latter cannot stop admiring him academically. After all, Ominami has a doctorate in economics, a title he obtained in France and which very few people in the world can boast.

At the other extreme of the Palace popularity scale is Minister of Health Jorge Jimenez, pediatrician for almost the entire DC family. He is a very good doctor, but one who has proposed no solutions for the delicate sector, even though he does have a good advisory team. It is true that he has recently received some help from the government in terms of proposals and image management.

A separate case is that of Minister of Education Ricardo Lagos. No one bet on him and yet he is now considered one of the most efficient and most in control of his role. Furthermore, La Moneda officials recognize that he has by far the best advisory team. Not only that, he listens to it.

His departure from the Cabinet could take place on two different dates, they say: in November of this year, if he has to assume the presidency of his party in order to settle the dispute between Ricardo Nunez and Jorge Arrate. Otherwise, he would leave in two more years to begin his presidential campaign.

Finally, there is the minister closest to the president, Minister of Mining Juan Hamilton. The general perception is not the best. It is thought he did not handle the CODELCO [Copper Corporation] problem efficiently and that he worried too much, for a minister, about the last DC junta. However, the Palace recognizes his influence on Aylwin: "too much Palace-Castle," they say.

* Deputies Pass Municipal Reform Bill

* Reforms Outlined

91SM0001A Santiago EL MERCURIO in Spanish 7 Sep 90 pp A-1, A-16

[Excerpts] Valparaiso—Following a lively political debate at a special session held yesterday, the Chamber of Deputies passed (71 votes in favor, 12 against, with 31 abstentions) a proposed constitutional reform bill on the municipalities aimed at democratizing communal government with the election of mayors by universal suffrage, creating a council whose members will be elected by the people, along with an economic and social council expressing the participation of the socially organized community.

The proposal from the Executive Branch required a quorum of three-fifths of the acting deputies, numbering 72, to be approved. Inasmuch as one of them is abroad on constitutional leave, the quorum needed was reduced to 71. This number was obtained by the Coalition (DC [Christian Democratic Party]-PPD [Party for Democracy]-PS [Socialist Party]-IC [Christian Left]-PH [Humanist Party]-PR [Radical Party]-PSD [Democratic Social Party]), thus passing the legislation. Voting was done by name, with National Renewal (RN) deputies abstaining (31 present) and those belonging to the Independent Democratic Union (12 present) voting against.

The bill had also been passed by the Joint Committees on the Constitution, Legislation, Justice and Internal Government, meaning it passed with only the votes of Coalition representatives.

The bill now goes back to those committees for detailed study (article by article) and analysis of the many provisions presented at yesterday's session by the RN and the Coalition.

Victor Manuel Rebolledo, reporter for the Joint Committees, presented to the chamber the purposes and objectives of the Executive's bill, which is inspired, he said, by the government's determination and programmatic commitment to democratizing government institutions, in this case, municipal government.

He said the Executive Branch's reform proposal, which has a single article, includes 11 modifications of different articles of the constitution, to wit, Articles 32, 9, 54, 85, 107, 108, 109, 110, 113, 114, and 115.

He added that among the most substantial reforms in the proposal is that of Article 107, which provides for the current structure of municipal government, made up of the mayor and the CODECO [Community Development Council]. The proposal states that the municipal governing bodies include the mayor, elected by universal suffrage, a corresponding council, also elected by popular vote, and a municipal economic and social council to permit the community to express itself.

It also reforms Article 108 on the manner of electing the mayor. At the present time, the mayor is elected by COREDE [Regional Development Council] upon CODECO's proposal. The proposal would have the mayor elected by universal suffrage for a four year term, as specified by the Organic Constitutional Law on Municipalities. [passage omitted]

The secretary of state spoke at the start of the debate to respond to criticism of the proposal, particularly to the effect that it politicizes the municipalities. He said that "healthy politics" is not bad and added that it is not a fragile activity. He also explained each of the modifications which the proposal makes in the constitution in order to democratize communal government.

The congressional debate, which lasted three and a half hours, was extremely intense and included harsh criticism, both of opposition sectors over the position they took when they were in government and of the semi-official parties.

Minister Krauss

Following general approval of the bill, Krauss thanked the deputies who supported the government's effort for their exemplary discipline and the proof of their commitment to the government. He also thanked opposition

deputies and expressed the government's desire to reach agreements and debate points of view in Congress.

He later told the press of his satisfaction over approval of this legislation consisting of the first constitutional reform bill passed by Congress. "We obviously have a long way to go and we hope we will be accompanied by the greatest number of congressmen," he said.

He added that the government's views, defended by congressional members of the Coalition, "are not immutable and we are willing to talk on the basis of the Coalition platform. We expect this reform to be approved on the whole at future constitutional meetings." [passage omitted]

* UDI Objections

91SM0001B Santiago EL MERCURIO in Spanish 11 Sep 90 pp C-3

[Text] Independent Democratic Union (UDI) deputies reiterated yesterday that their opposition to the proposed constitutional reform of the municipal system is based on the belief that the measure implies going backwards to the total and harmful politicization of municipalities, whose failure the country endured previous to 1973. However, they pointed out, "We do share the idea that mayors should be elected by popular vote."

A bulletin released by Andres Chadwick, head of the UDI bench in Congress, states that "the government's bill proposes that municipalities be co-governed by the mayor and a municipal council chosen in elections from political-partisan lists. This would distort the real role of the municipalities, which consists in promoting communal and local advancement with social participation that would unite the inhabitants of a commune, transcending those precise ideological or political differences. The government's proposal expands a mere rehatching of the old system of town councilmen, whose discredit and inefficiency has been sufficiently demonstrated."

"Concerning the alternative constitutional reform proposal on the municipal topic presented by National Renewal deputies, the proposal does not in our opinion eliminate the serious disadvantages which the government proposal represents," it adds.

UDI deputies note that "we support having the mayors elected by a direct vote of the citizenry."

"We believe," they add, "that this should be done in every commune, with a cautious period of 60 to 90 days before the end of the term of those now in office elected by CODECO [Community Development Councils]. Respecting the term of officials as provided by the constitution is a central element of a state of law.

"This would imply that beginning in 1993, mayors would be gradually replaced instead of all being elected on the same day throughout the country. It would help mayoral elections to concentrate on issues of local or communal interest, thus reducing their politicization," the deputies emphasize.

* Reforms Analyzed

91SM0001C Santiago EL MERCURIO in Spanish 17 Sep 90 p A-2

[Editorial by Patricio Dussailant Balbontin]

[Text] The issue of the "democratization of communal and local power" is of far-reaching importance given the current structure and powers of municipalities and the autonomy conferred upon them. It is the municipalities that are responsible for the administration of every commune and their essential purposes are: to meet the needs of the local community and ensure their participation in the economic, social, and cultural progress of the commune, which makes it important to exhaust every effort to prevent the reestablishment of a political municipality that does nothing more than carry out central planning.

This is a topic to be dealt with by Congress without haste or pressure inasmuch as it is consistent with the nature of a government "of democratic reconstruction to perfect the existing communal system of government." Formation is followed by "reformation." In other words, it is necessary to allow a new institution such as the current Communal Development Councils to operate for a reasonable time, which is what allows the institutions of a country to become secure and grow strong, demonstrating their efficiency and presence and revealing aspects that must be corrected. Constantly starting anew does not allow any objective evaluation, much less the perfection of systems of administration and participation, particularly in developing countries. On the contrary, the lack of institutional consolidation ends up making participation and any possibility of sustained progress unreal or false. A modern democracy requires stable institutions. Change for change's sake turns such countries into experimental laboratories of global planners or, to use Paul Johnson's phrase, social engineers.

What is truly important in this study is not to mix the political aspect of the issue with the administrative side. Giving excessive priority to the former without adequately considering the latter can be very democratic, but in no way benefit the community, which in the final analysis wants its problems to be solved effectively rather than having to live on the hope of solutions. If the municipality is politicized, it will unquestionably lose its efficiency. One must know how to keep books.

The bills presented to Congress (Constitutional Reform and Organic Law) propose a communal government made up of the mayor, council, and a communal economic and social council. The council will be "made up of members elected directly" and be "a normative, operative, and supervisory organ" which will, among other things, "pass the proposals of the communal development plan and municipal budget." Regarding the

communal economic and social council, it will be an "organ of concertation, consultation, and advice for the municipality, whose purpose will be to ensure the participation of community organizations of a territorial and functional nature and others representing relevant activities," plus labor organizations. The council will be solely of an advisory nature.

These proposals, which naturally contain positive elements, deserve an exhaustive, critical analysis that avoids establishing standards which might produce distortions, for example, those contained in the section on municipal enterprises, which might lend themselves to a step backward in terms of the efficiency now achieved in the delivery of services. In addition, they might facilitate recourse to arbitrary action or their use for clearly political-partisan purposes.

I believe the expression of the real feelings of the community can be guaranteed through the direct election of mayors, provided the latter are guided by a search for the common good and the corporation is not turned into a platform for their political careers.

Likewise, it is essential to have a collegial organization of an advisory nature and to have important supervisory attributions rendering "the participation of the community effective," meaning it must be representative, but technically and administratively efficient as well. With an entirely political council such as the one proposed, one obtains the former but loses the technical aspect, particularly when the only requirement set for membership is "knowing how to read and write" and when it is stated that if a councilman should die or cease his functions, "the vacant seat will be filled by the council-...from among those included on a list proposed by the political party to which he belonged...." Such a beginning makes it difficult to achieve the principal objective sought: providing solutions to problems with the participation of the community.

The existing system of the Communal Development Councils (CODECO) is suitable for combining both aspects. Why then rule out its continuation? This council is made up of representatives of relevant activities and community organizations of a territorial and functional nature from every commune, whose representative nature is strengthened by the freedom of creation and organization, plus speed in the obtention of legal status ensured by the existing law regulating them.

On the whole, it would be valuable and suitable to study and make adjustments in the makeup of the CODECO, achieving better representation of the community by adding councilmen elected directly. One could even consider the participation, as members with voting rights, of deputies elected by the respective commune, thus providing a quota of political representation while guaranteeing that the latter would remain in constant touch with the community.

At the present time, with minimal differences, the CODECO combines all functions and powers which the proposal divides between both councils, the main one being to oversee the actions of the mayor and approve the "communal development plan and municipal budget." Particularly in the case of the budget, this requires basic knowledge in order to be able to have a passing understanding of the government's accounting system so that the council's contribution, supervision and auditing will be adequate and effective, the latter being where the participation of relevant activities assumes importance.

If what the government wants to achieve is "the decentralization and democratization of the machinery of government" and the establishment of "effective instruments making local development possible," it should understand how inappropriate it is to have two collegial organs in a municipality. The solution to participation is not to create councils of "concertation" that will in the long run get in the way of daily duties and operation, doing nothing but making them more bureaucratic.

* Law Regulating Health Institutes Enacted

* Measures Outlined

91SM0002A Santiago LA NACION in Spanish
6 Sep 90 p 7

[Text] That users should have internal justice and be satisfied with ISAPRE [Institute of Public Health and Preventive Medicine] will be the basic objective taken into account in future modifications made in a new law that went into effect on Saturday. This will also be an objective of the Superintendency which will arbitrate any possible discrepancies between these private health institutions and their nearly two million members.

This is how the minister of health, Dr. Jorge Jimenez, summed up the government's handling of his ministry and the ISAPRE Superintendency vis-a-vis modification of the old law regulating the operation of such health insurance institutions—ISAPRE—since 1981, when they were set up.

Accompanied by Dr. Hector Sanchez, superintendent, the secretary of state revealed the main modifications in the legal framework of the institutions. Among them, he emphasized the indefinite duration of contracts established by the ISAPRE. They will run a year for members, who may reject or modify them only at the end of that period.

Another modification establishes that the ISAPRE may review them annually and adapt prices and services to general conditions, but without implying any discrimination among affiliates on the same footing.

The new law also specifies that ISAPRE may not establish exclusive health plans for specific ages or enter into health contracts with persons not paying dues into an insurance or retirement system.

It also defines a minimum patrimony equivalent to 2,000 development units whose exclusive function is to provide health benefits and services through related or complementary activities.

Minister Jimenez noted that the new law does not solve the fundamental problems of previous legidslation, but establishes a basic tool, the Superintendency, through which the necessary modifications will be handled.

No Modifications

He recalled that the new law maintains the amount of time for the waiting period, pre-existing conditions, exclusions, minimum seven percent dues, and the legal requirements of maintaining a deposit as security.

The superintendent said that basic problems have to do with the high cost of medical care for the elderly, waiting periods and pre-existing conditions, in addition to limitations on access to the system for certain population groups. Dr. Sanchez emphasized that a complete study will be made of these complications standing in the way of free choice and transparency of the market, which only offers curative medicine while absolutely neglecting prevention, development, and rehabilitation.

He announced that ISAPRE and users will very soon receive instructions specifying the rights and duties of both sides. The idea, Sanchez says, is to develop and maintain a balance between freedom and stability of the system, particularly considering the opinions of users.

Private Health Council

In order to achieve the previously stated goals, the minister announced that a Private Health Council will be set up representing all organizations relating to health and receiving opinions from all interested parties. ISAPRE participation is sought in the context of overall health policies throughout the country, as some ISAPRES have already established.

The Superintendency has already begun its work and will promote dialogue and gather various opinions around this new law during the six month term set by the government to define what modifications are necessary. They will go into effect in March or April of 1991.

* Medical Association's Views

91SM0002B Santiago LA NACION in Spanish 4 Sep 90 p 7

[Text] The unsuitability of making any modifications in the new ISAPRE [Institute of Public Health and Preventive Medecine] law in effect was repeated yesterday by the Medical Association board of directors, which has been stressing the point for several weeks now.

Dr. Victor Maturana, president of the Association, expressed the opinion of the board, noting that in order to authorize its implementation, affiliates have to have a say.

He also recalled that the board expressed its criticisms of the new legislation to the superintendent: no equivalency is established between these institutions and what should be a private health system, members do not have any savings to finance spending on health, no free choice is guaranteed, and there is no transparency concerning its assets.

Dr. Lionel Bernier, president of the Department of Medicine of Free Choice and Fees, repeated that the Association had never placed any barriers in the way of establishing the superintendency, provided there was previous discussion of the objectives and flaws of the new law, which in his opinion further complicates limitations.

He said the existence of contracts binds members, meaning the disappearance of small ISAPRES. Furthermore, the latter's ability to modify contracts fosters pre-existing conditions and conspires against stability and the combined health system.

Concerning the medical function, he said he would ask the minister to include a medical department in the modifications and insist that the latter be included in a college rather than in ISAPRE so that users may freely choose where they wish to go for care.

* Effect Assessed

91SM0002C Santiago LA NACION in Spanish 6 Sep 90 p 15

[Editorial]

[Text] The issue of health, obviously so closely connected with the question of life and death itself, is a recurrent concern in our country. The new ISAPRE [Institute of Public Health and Preventive Medecine] law, one of the last things inherited from the authoritarian regime (passed on 9 March of this year), has revived the controversy on the topic.

The minister of health himself has admitted that neither the old law (of 1981) nor the new one has received unanimous applause.

The former was the target of harsh criticism, only a part of which was included in legislation now being implemented. It has been stated that the system is fundamentally limited (only 15 percent of the population has access to the system) and has numerous gaps and injustices. The "small print," as the minister himself called it, still contains surprises for members when they discover that certain serious illnesses are not covered, that practically all services have a deductible to be paid by the user, and that there are expensive categories such as dentistry which in many cases are totally excluded from benefits.

The minister was asked about the suitability of postponing implementation of the law. His answer was that the topic was indeed discussed by the government, but that it opted to continue the process, despite its limitations, because there is already some progress.

First of all, some order was introduced into the system since member transfers can only take place once a year. There is also debate on the matter since "rigidity" is frowned upon and, in this case, the smallest ISAPRES have maintained that they can be hurt. However, it is obvious that members will be free of pressure, which has not always been kept within the bounds of caution and ethics.

However, the most important thing is unquestionably the creation of the ISAPRE Superintendency, which is, according to Minister Jorge Jimenez, one of the main reasons for putting the new law into effect. Thanks to this oversight organization, he explained, a team of inspectors will be set up to oversee users' rights. Above all, it will be possible to detect problems in the system in the field and pave the way for the necessary modifications in a positive manner.

Like other "modernizations" inherited, the ISAPRE system has some positive and some negative aspects. Its more rigorous evaluation, aside from propaganda considerations of the current opposition, must be the objective of the ISAPRE Superintendency and the proper authorities.

Colombia

Mole Story Falls Apart; Suspect Released

PA2610042690 Bogota Inravision Television Cadena 2 in Spanish 0100 GMT 21 Oct 90

[Report by Miriam Ortiz]

[Text] Upon learning that authorities will release Diana Fonseca in the next few hours, the now well-known story of an alleged infiltration of a spy into the DAS [Administrative Department of Security] was practically ruled out today. Diana Fonseca had nothing to do with the attack against the DAS headquarters.

General Miguel Alfredo Maza Marquez has suggested that Fonseca is innocent, but that her husband Guillermo Alfonso Gomez Hincapie is not. According to investigation reports, Gomez Hincapie organized the transportation of dynamite to Bogota and ordered the car bomb to be taken to the DAS facilities.

This much-publicized case of the so-called Colombian Mata Hari that appeared on the newspapers' front pages during the week of 14 October has practically shifted the whole course of the investigation on the DAS attack.

Fonseca has many doubts on these developments. She does not know why her husband—if he was responsible for the attack—did not prevent her from being present at the scene of the explosion, when he knew she would be in DAS headquarters at that time.

Fonseca, who was then pregnant with Gomez' child, was one of the victims of the explosion, because she arrived at the DAS facilities when the blast occurred. As a result, she sustained serious injuries and was on the brink of losing her baby.

Meanwhile, "Cripton" newscast learned that Diana Fonseca was not arrested in Manizalez Department, as had been reported. She was arrested in the town of Sogamoso, where she lived with her family after she left the DAS for personal reasons.

Fonseca, who, it was found out, was not a DAS special agent, began working for the DAS as a secretary of the employees' fund, and was sent to the DAS offices at Eldorado International Airport months later. There, she and seven other secretaries registered the departures and arrivals of international passengers.

Fonseca got married twice, it has been learned: first, to a man from the Colombian television industry; and 18 months ago, to Gomez Hincapie in San Antonio, Venezuela.

After these new findings, the chapter on the Colombian Mata Hari is coming to an end; however, the investigation to find those responsible for the attack on the DAS headquarters continues.

Government Minister on Talks With Rebels

PA2510235190 Bogota Radio Cadena Nacional in Spanish 1200 GMT 25 Oct 90

[Telephone interview with Government Minister Julio Cesar Sanchez by Juan Gossain in Bogota—live]

[Excerpt] [Gossain] Good morning, Mr. Government Minister.

[Sanchez] Good morning, Juan.

[Gossain] How are you, Doctor Julio Cesar Sanchez?

[Sanchez] Very well, thank you. You are very kind.

[Gossain] The Simon Bolivar National Guerrilla Coordinating Board [CNG] has sent a message saying that it will suspend all hostilities if a minister like you represents the government in a dialogue with the rebels. What do you think about this?

[Sanchez] Well, Juan, I sincerely believe that the statements issued by the CNG, the one sent with delegates to La Uribe, and the new one—which was issued yesterday—are extremely important. I feel that it would be worthwhile to appoint a commission in which I would participate, so that we may make up for lost time and at least reach an agreement on the procedures and topics.

In my opinion, this would be the first step. It should be followed by an agenda so that we may establish deadlines. This is so that the whole thing does not turn into a show for the media and the public. We must not disappoint the Colombian people, who are fed up with this dirty war between brothers. We must attain peace.

Furthermore, constituent assemblies are not an everyday thing. The one we will elect is exceptionally important, given its scope and the Supreme Court ruling granting it the authority to discuss things openly; this is what the guerrilla groups had demanded....[corrects himself] requested. Consequently, there are no excuses for not reaching viable agreements within this framework. The agreements should be convenient for Colombia rather than for the government or the guerrilla groups.

In sum, if the president of the Republic authorizes me, I am willing to travel to negotiate with the CNG so that we may carry out the process that we all want to become a reality.

[Gossain] Minister, would not the government be playing into the hands of the guerrilla groups? They registered for the constituent assembly at the last minute and will launch a campaign, but they could go back to their dirty tricks—meaning their armed actions— after they manage to elect their constituent assembly members.

[Sanchez] I do not think that we would be playing into their hands. I think that we must have good faith without being naive. We must be realistic because we cannot disavow them. I sincerely believe that they cannot....[changes thought] They would not just be deceiving the government; they would be deceiving the nation, and I do not think that this will happen.

Anyway, let us be pragmatic. That is how we should behave, given our current situation. The process must be held contingent upon a demobilization. It is not a matter of bringing armed guerrilla members to the constituent assembly; that would be absurd, to say the least. I believe that the CNG is seeking the implementation of a viable procedure and one in which the president directly appoints [words indistinct] groups' spokesmen in the constituent assembly. Is that clear?

If this agreement is reached, they would have the right to have spokesmen appointed by the president from a list of those who meet the necessary requirements. Consequently, I see no problem in implementing this; however, the deadline is near because there are only about 39 days left before the 9 December elections.

[Gossain] But they only have four or five days left to register.

[Sanchez] Well, they do not have....[changes thought] They can do that now. They have political groups that support them so they can mobilize themselves with candidates who do not have legal restrictions. They can rally the people to support them while simultaneously participating in the talks to meet the requirements on demobilization and on the punishment of violent actions, terrorism, etc. They will thus have spokesmen who will not be elected but appointed from a list that they must submit to the president of the Republic. [passage omitted]

Groups in Rio Negro Surrender Weapons

PA2510210390 Bogota Radio Cadena Nacional in Spanish 1200 GMT 24 Oct 90

[Text] Accepting a proposal from the government of President Cesar Gaviria Trujillo, the self-defense groups in the Rio Negro region, in Cundinamarca Department, have surrendered 200 weapons. These weapons had formed part of an arsenal established by the late drug trafficker, Jose Gonzalo Rodriguez Gacha, also known as The Mexican. The weapons were turned over in Campera, in Pacho jurisdiction, in the presence of delegates of the government's Advisory Board for Peace Issues; judicial, departmental, and municipal officials; and human rights delegates from the Attorney General's Office.

The high-caliber weapons, which included a Colt pistol with infrared telescopic capability, were turned over to the custody of the commander of the 13th Brigade.

Criminal investigations judges No. 102 and 106 have begun judicial proceedings to decide the steps to be undertaken on the basis of state of siege Decree 20-47, through which the government proposed to drug traffickers and paramilitary groups that they surrender and disarm themselves in exchange for a reduction in sentences.

On this occasion, no member of the self-defense groups turned himself over to the authorities.

Human Rights Charges Termed 'Unjustified'

PA2510192790 Paris AFP in Spanish 0234 GMT 23 Oct 90

[Text] Bogota, 22 Oct (AFP)—The Colombian Government has stated that the Americas Watch organization made "unjustified generalizations" in its last report on human rights violations in Colombia. The Americas Watch report circulated in Bogota today.

Jorge Orlando Melo, the presidential adviser on human rights, said that the organization's report is an important contribution to the human rights debates. He noted, however, that the report had minimized the government's efforts to combat corruption.

Americas Watch presented a grim balance of the human rights situation in Colombia and attributed most violations to government officials and guerrilla groups. It also reported that there are strong ties between government officials and drug traffickers. It added that top government officials and Armed Forces members carry out a policy of systematic human rights violations." [quotation marks as received]

Orlando Melo said: "These statements are unjustified generalizations which, although based on some real cases, do not recognize the government's main policy or actions carried out by its agencies and offices."

The presidential adviser added: "The report minimizes the efforts of the former government administration and top military and police officers to fight corruption and neutralize the ties beween some government officials and drug trafficking groups."

He added that the Americas Watch report "does not take into account the current situation in Colombia with the summoning of a constituent assembly. This assembly provides many opportunities for all the sectors in the country to participate in the formation of our political organization."

Orlando Melo stressed: "The new climate in the country has been reinforced by the possibilities of reaching a negotiated solution to the armed conflict with the guerrilla groups. This has prompted a decrease in political violence in the past few weeks. We hope to reach a gradual consolidation of peace with these groups," stressed Orlando Melo.

He said that several legal proposals, which were posed by Americas Watch to improve the human rights situation in Colombia, are currently being discussed and studied for their possible implementation.

Special Antikidnapping Group Begins Operations

PA2510190790 Bogota Inravision Television Cadena 2 in Spanish 1730 GMT 24 Oct 90

[Text] One hundred men from the Attorney General's Office, the Army, police, DAS [Administrative Department of Security], and the special courts, who have been organized into an antikidnapping group, have begun operating in Medellin today. Here is a report by Margarita Tobon:

[Begin recording] [Tobon] Totally independent and autonomous, the members of the new anti-extortion and antikidnapping group will be permanently supported by three judges and five police officers.

[Unidentified police officer] It is a specialized and duly trained group with the best men from the Army, police, and the DAS. They will deal with everything involving crime, especially kidnapping and extortion.

[Tobon] Meanwhile, F-2 [Judicial Police] members today arrested four individuals who are suspected of being the kidnappers and killers of the manager of the Colpatour company, a bus tour company in Medellin. As part of the activities planned for the 99th anniversary of the police, they will be receiving telephone calls from the community reporting crimes in Medellin and elsewhere from 1 to 5 November. According to the Medellin authorities, 215 kidnapping cases have been reported in the Urra valley so far this year. [end recording]

250 People Murdered in Barrancabermeja This Year

PA2510192690 Bogota Inravision Television Cadena 2 in Spanish 1730 GMT 24 Oct 90

[Text] The city of Barrancabermeja is experiencing a wave of murders. So far this year, nearly 250 people have been murdered. The latest violent incident was the massacre of six peasants in that petroleum port. Here is a report by Marcos Perales:

[Begin recording] [Perales] The people of the Middle Magdalena region have experienced much violence this year, according to the statistics on the hundreds of crimes and murders committed in the region. Nevertheless, the exhaustive investigations have not led to the identification and arrest of those responsible for the crimes.

[Unidentified local official] It is surprising to see that so far this year there have been 250 killings. The most alarming aspect is that there have been no arrests.

[Second unidentified official] Lately there have been unusual crimes; however, this is not a cause for concern because this is normal in big cities like Barrancabermeja.

[Perales] The peasants are the ones most affected by the reemergence of violence in the region. They are caught in the cross fire between the Army and guerrilla groups in such towns as El Carmen, San Vicente, Yondo, San Pablo, and Bajo Simacota, from where they have had to flee, abandoning their property to save their lives.

[Unidentified peasant] The Army came to my house while I was working. I was tied up and was being taken to be killed. They then said they would only arrest me.

[Perales] The latest massacre occurred just a few hours ago in a public establishment. Hooded men opened fire on everyone there. Five men were killed and a taxi driver was wounded. [end recording]

Air Force Downs Plane Linked to Drug Trafficking

PA2610010290 Bogota Inravision Television Cadena 2 in Spanish 1730 GMT 25 Oct 90

[Text] A few minutes ago, the Colombian Air Force [FAC] commander confirmed that FAC airplanes downed a light aircraft that had been linked through investigations to drug trafficking. The aircraft, which was being flown by former FAC pilots, was downed in Obando Municipality, Valle Department.

The FAC acknowledged that the airplane was downed when it failed to respond to the warnings of the airplanes that intercepted it. It added that the investigations are continuing.

*** Situation In Coffee Industry Discussed**

*** Fund Deficit Foreseen**

91SM0012A Bogota EL ESPECTADOR in Spanish 14 Sep 90 p 9-a

[Text] Bogota—By the end of this year the National Coffee Fund (FNC) will have a deficit of more than 88 billion pesos, which will have to be financed by "unfreezing" the funds that it has deposited in the Bank of the Republic.

This can be gathered from a change in the FNC budget that the administration confirmed yesterday and that the National Committee of Coffee Growers had approved previously.

Decree 2118 of 12 September asserts that the budget needs to be revised and updated in order to deal appropriately with the current situation and maintain a rational balance between revenues and expenditures.

Under the new budget the Coffee Fund will post a deficit of 53.28 billion pesos for December. The red ink is due to lower revenues and higher expenditures.

Whereas revenues from coffee sales, taxes, specially earmarked funds, and other items total 532.38 billion pesos, outlays total 464.746 billion for bean purchases, overhead and marketing, the ad valorem tax, and other taxes.

At this point the bottom line is positive. We must bear in mind, however, that miscellaneous revenues amount to just 2.722 billion pesos, whereas "miscellaneous expenditures" exceed 109.116 billion pesos.

These sizable outlays are for subsidy and diversification programs, future investments, loans, services that the federation provides the FNC, and amortization of the long-term debt.

In the end there is a deficit of 53.28 billion pesos. However, if we take into account that the fund will have to spend another 35 billion pesos because of the hike in bean prices ordered a few days ago, the total shortfall comes to more than 88 billion pesos.

The only way to deal with it, as the manager of the federation, Jorge Cardenas, said during debate in the House of Representatives, is to withdraw the money that is deposited in the Bank of the Republic.

The coffee growers union wants to withdraw 100 billion of this investment.

*** Lower Taxes Recommended**

91SM0012B Bogota EL ESPECTADOR in Spanish 16 Sep 90 p 5-b

[Commentary by Gustavo Gaviria Gonzalez in "The Coffee Column"]

[Text] One of the country's most serious problems is the cost of growing coffee, because in theory our coffee cannot compete with that of other producing countries.

There are charts showing that our coffee is unquestionably the most expensive to produce. Quality is not considered, of course.

Production Costs

Colombia, 88.5 cents (U.S.) a pound; Kenya, 80 cents; Costa Rica, 76 cents; Guatemala, 76 cents; Brazil, 58 cents; Indonesia, 35 cents.

We can assume, then, that the country loses money when the price is below 88.5 cents a pound. We do not know for certain whether this price includes factors such as the administrative costs of the federation or all of the fund's outlays, which exceed 510 billion pesos, a figure that affects the net purchasing price and reflects profit or loss on the net selling price as actual income to the country.

To become competitive, we need to analyze many items in the fund's budget. Such items include outlays for marketing, reimbursements to the federation and to the private sector, and the expenditures prompted by the volumes that the federation handles under its pricing policy. Such expenditures include commissions and bonuses for purchases, the costs of stripping the parchment from coffee berries, storage, handling, and transportation costs; port costs, packaging, domestic and foreign advertising and publicity, and many others, such as the upkeep of overseas offices, dues to international organizations, sales commissions, price adjustments (floor prices), etc.

The fact that the fund tolerates and absorbs sizable losses cannot be established as a sound marketing principle, much less as an ongoing subsidy to regular buyers of our coffee.

We have called tirelessly on the government to appoint a high-level study commission to decide what policy ought to be pursued not only in production but also in marketing and as regards the future of the National Coffee Fund.

When an altogether free market begins to operate, we must logically tailor all projections and measurements to the behavior and demands of domestic and foreign markets by creating an appropriate framework that will enable the country to compete openly for customers.

This big challenge requires a policy of austerity, sacrifice, and adaptation to new circumstances, beginning with a cut in taxes on coffee growers, such as the 6.5 percent ad valorem tax and the still applicable withholding of both merchandise and cash. If private exporters sell 5,143,000 seventy-kilo bags, these two withholdings yield the National Coffee Fund 44.291 billion pesos, a good $83 million. If to this we add the ad valorem tax, which

brings in $48,472,775 from the private sector alone (25,690,570,750 pesos), we get gross tax revenues of 69.981 billion pesos.

If withholding were to stop because quotas were abolished, then we could hardly maintain a tax that seems to have no legal grounds today and that is at variance with the fund's social objective of managing unsold production surpluses or export-quota surpluses.

If these taxes did not exist, what reason would there be for fueling such burdensome speculation, which is of no benefit to the fund, with filler taxes the costs of which are completely unrelated to the real price of this product.

It makes no sense to force the federation or the National Fund to buy 125 kilos and then to pass the cost on to 13 million sixty-kilo bags selling at 85,000 pesos. A harvest of 13 million bags would bring in 738.48 billion pesos. The federation handles more than 60 percent of overseas sales, even more if we add in the sales (more than one million bags) of the cooperatives and the export office of the Expocafe Federation. Under this system the fund is forced to purchase the coffee that the federation markets, leaving the private sector with just 40 percent, more or less, for export.

Why not reverse the marketing arrangement and let the private export sector make the majority of the purchases, so that the fund is no longer obliged to purchase the crop? In whose interest is this monopoly?

The goal of producing 16 million bags entails a heavy responsibility and requires proper planning in all areas: expansion zones, modernization, higher output per hectare, communication routes, infrastructure, domestic and overseas transportation, ports, warehousing, more open marketing, broad and timely financial systems, optimal variety, etc. Moreover, a new, more versatile, streamlined, and affordable framework for the coffee industry must be established. The private sector cannot continue to pay for the management of the National Fund, which is turning into nothing more than a source of financing to keep the federation, the cooperatives and Expocafe alive. If it does continue to pay, then nationalize the rest of the private growers and concentrate the industry in the hands of a single private sector, the National Federation of Colombian Coffee Growers.

* ICO Dissolution Supported

91SM0012C Medellin EL COLOMBIANO in Spanish 19 Sep 90 p 1-b

[Article by Gustavo Leon Ramirez O. on discussion with local coffee experts at EL COLOMBIANO offices; date not given]

[Text] Coffee growers and experts yesterday hailed the proposal of the National Federation of Coffee Growers [Fedecafe] to dismantle the International Coffee Organization (OIC) in view of its inability to hammer out a new pact among its member countries.

At a meeting arranged by EL COLOMBIANO, coffee-sector executives agreed that the pact, which was in effect until July of last year, has been harmful to the national economy because for 15 years it prevented coffee growing from expanding.

"Membership in the OIC has been disastrous for Colombia," said Fernando Londono Hoyos, who asserted that the country got involved in a pact that cut production, lowered prices, and promoted low-quality crops from Africa and Brazil.

Coffee leader Guillermo Hincapie Orozco felt that Fedecafe was right in calling for the disbanding of the OIC, saying that this was a wise move in keeping with the difficult times that the federation is going through as it pursues its austerity policy.

Disastrous

Coffee expert and business consultant Fernando Londono Hoyos felt that disbanding the organization is a sensible proposal from the federation.

"The World Coffee Pact was disastrous for the country and should never have been signed. Colombia should have left at least 15 years ago and gone into unfettered competition, where it had a market for the 14 to 15 million bags of coffee that it can grow at a reasonable price," he indicated.

He charged that the pact has caused irreparable damage to Colombian coffee growers, who were producing 14 million bags in 1980 and are now having trouble growing 11 million.

"Colombian coffee growing is in a crisis that could be absolutely insurmountable. There is widespread unemployment in the countryside, and all because of the World Coffee Pact. In other words, the offices are going to be closed at the right time."

Londono Hoyos contended that the coffee industry lost more than ten years of development because of the pact.

In light of the possible disappearance of the OIC he announced that the market looks bright for Colombia as long as "it is managed by people who know how to sell coffee, which the National Federation of Coffee Growers does not."

He also said that the federation needed to be disbanded and turned into a trade-union organization by taking away the political and governmental functions that have done such damage to the country.

"Whoever wants to export coffee should be able to export, with only the quality requirements that the government or the growers themselves can set. But let's have a completely free market," he stated.

Data Base

Guillermo Hincapie charged that the country is paying a high price to maintain the organization's 200-person

payroll. Its executive director, Alexandre Beltrao, has been negligent and has not spearheaded any effort to reestablish the pact.

Hincapie proposed setting up a statistical information office that would save Colombian growers foreign exchange that the country badly needs.

He indicated that after a year of insisting on negotiations between growers and consumers, Brazil has demonstrated its unwillingness to sign a new agreement.

He asserted that the pact is not in the interest of Brazil's coffee industry, which accounts for six percent of the country's foreign exchange, because President Fernando Collor de Mello is pushing an economic reform that calls for a free market in coffee.

"Unless Brazil wants one, there will be no pact," he said, after rejecting Brazilian growers' demand for a 30 percent share of the world market. The Central Americans are also calling for an increase.

"Under President Gaviria's fine policy of economic 'apertura' [liberalization], there will surely be very sizable compensations. If there is no pact, we have to withdraw," he said.

Free Market

Coffee expert Luis Gonzalo Mejia Canas also agreed with the disbanding of the OIC, arguing that the pact hampered the sales of domestic growers on world markets.

"It has always seemed very harmful to me," he asserted, emphasizing the country's comparative advantages in producing and marketing high-quality coffee.

He explained that he has never understood why a country in this position would seek pacts, under which it is allowed to market only eight million bags when it could actually sell 12 million.

"Colombia ought to be on the free market and ought to go out and sell," Mejia Canas said.

He indicated that after the breakup of the pact the country gained ground on other world producers. "The best thing Colombia could do is withdraw and close down the OIC, which is doing no one any good right now."

As for the prospects of marketing domestic output, Mejia said that Colombians need to undertake a campaign to penetrate the Japanese, Russian, and German markets, which buy 34 percent of our coffee.

Voicing his support for Fernando Londono's proposal to create a trade-union group, he said that "the more people there are selling coffee and looking for new markets overseas, the better and more profitable it will be for the country."

Multinational

Alberto Alvarez Duque, the president of the Antioquia Association of Coffee Growers (Aprocafe), agreed with the disbanding of the OIC, which he described as a "big, unproductive bureaucratic machine that has been of no use to Colombia."

He acknowledged that as a result of the pact's breakdown in July of last year the country is witnessing the definitive end of a system that did nothing but limit our coffee sales.

Like the other leaders surveyed by EL COLOMBIANO, he noted that the pact restricted the domestic output of coffee because growers were not authorized to sell more than their quota.

He disclosed that as a result of these policies diversification programs were established to prevent domestic overproduction, programs that in one way or another diverted the industry into other fields.

"The federation was resisting the free-market trend in today's world. So we applaud the nonreturn to coffee quotas, because this will benefit Colombia in the long run."

He said, nonetheless, that the country will reap benefits only if the government and the federation restrict sales to transnationals through private exporters who are not in the federation.

Such an arrangement, Alberto Alvarez indicated, will enable a realistic world price to be set for coffee.

"We have been calling for the federation to be turned into a big multinational, because it has a structure that we can make use of. We think that the government's policy of turning our embassies into sales offices for Colombian coffee will work."

No Fear

Grower Ernesto Garces Soto said that the federation's proposal "is the most sensible and advantageous thing for the country."

"I am very pleased with and I welcome the complete change in Colombian coffee policy. At last the coffee authorities and the government have realized that the end of the International Coffee Accord is the best thing that could have happened to Colombia."

In his opinion the decision will mean that the federation and the country will no longer have to pay large amounts to an organization that has been of no use.

Ernesto Garces, like Fernando Londono, said that a free market is best for domestic producers because they will be able to expand their crop and grow what they know how to.

"The country shouldn't be afraid of the free market. It's the best thing that could happen to the country. It brings

competition in quality, and over the past 14 months without a pact we've seen that the world wants high-quality coffee."

He noted that under the accord Colombia was exporting 11 million bags of coffee, which prevented it from making headway in promoting coffee production. "The country needs 22 million bags for its economy to grow."

* Poll Shows Confusion Exists Over 'Apertura'

91SM0011B Bogota EL TIEMPO in Spanish 20 Sep 90 p 7-a

[Text] Colombian consumers think one way but act another. At least this is the case with their shopping habits. Although 81.6 percent admit to having bought something at the "Sanandresitos" [black-market import shops], 73.4 percent say that they prefer domestic goods.

This is one of the findings of the weekly poll that EL TIEMPO, Caracol, and the National Consulting Center conduct. This week the poll dealt with the issue of imports and the economic "apertura" [liberalization].

The disparity between what people think and do is so great that whereas 62 percent feel that the economic apertura is good for the country, 42 percent say that they do not understand it and find it confusing.

Among the people polled in our main cities, residents of Barranquilla are the most contradictory. Although 78.9 percent of the Barranquilla residents questioned say they prefer domestic goods, 91.8 percent would like to see the items in the "Sanandresitos" available in other stores.

Cali is the city in which shopping in these black-market stores is least attractive to people. Some 19.1 percent of the people surveyed say that they have never been to a "Sanandresito," and 23.4 percent are against making these items available in all stores.

Confusion about the economic "apertura" is widespread. In Cali, just 16.1 percent of the respondents said that they understood it completely, while in Bogota 47 percent find it confusing.

The people of Antioquia are the most knowledgeable about the economic "apertura." In Medellin, only 29 percent are confused about it. Therefore, this is the city in which the largest number of people want to see the economy opened up.

The poll shows that many people approve or disapprove of "apertura" without knowing what it is all about. Even though many of the respondents said that they did not understand it at all, 56 percent indicated that it ought to be done only part of the way.

Contradictions appear everywhere. While 54 percent of the people polled say that domestic industry will be helped by "apertura," 88.4 percent indicate that the government ought to continue the measures designed to protect it from foreign competition.

An example of this inconsistency can be seen in Cali. There, 58.2 percent said that Colombian industry benefits from international competition, but 91.5 percent want the government to keep protecting domestic output.

Contradictions emerged again when people were asked about the impact that "apertura" could have on industry. Even though in answer to a previous question about their familiarity with the process many of the respondents said they knew nothing about it, they still voiced an opinion about its effect on domestic industry.

Some 34.9 percent contended that industry would not be helped by "apertura," while just 3.1 percent declined to say whether the government ought to continue the measures to protect domestic output.

The United States, Japan, and Germany are the countries to which Colombians would most like to see the economy open up.

An overwhelming majority agreed that dollars ought to be available at national banks. Eighty-six percent of the respondents replied in the affirmative.

* Banpopular To Finance Regional State Projects

91SM0011A Cali EL PAIS in Spanish 19 Sep 90 p D-1

[Article by Jorge Enrique Almario]

[Text] The national government has gotten Banco Popular [Banpopular] involved in the modernization of the economy by entrusting it with the financing of the infrastructure projects needed to bolster administrative decentralization and the creation of new companies.

The president of the state-run bank, Eduardo Robayo, disclosed this in an interview with EL PAIS on the bank's new functions, which are designed to support the strengthening of the municipalities.

"In appointing me to this post, the finance minister has entrusted me with the mission of turning Banco Popular into a bank that will finance the projects that the departments and municipalities are carrying forward, projects that are regarded as fundamental for their development and for the growth of the economy," he explained.

Transformation

Robayo explained, however, that the transformation of the bank does not mean that it will abandon its most important function, which is to finance small and medium industry.

"On the contrary, we're going to combine lending to small producers with financing public works in order to expand the infrastructure needed for the creation and operation of new companies," he said.

The president of Banpopular said, in fact, that it would get involved in the internationalization of the economy, which is known as "apertura," [economic liberalization] by financing infrastructure projects and providing loans to small and medium industry.

"One of the ways to make our economy efficient is to improve and expand the coverage of public services, because this cuts costs and makes our output more competitive. Therefore, the bank has decided to attach exceptional importance to the financing of these projects."

Findeter [Territorial Finance Company]

Banco Popular's new role is not something for the future; it is a plan that is going to be implemented immediately.

Hence, the bank already owns 25 percent of the capital stock in Findeter, the agency through which the government wants to finance most of the public works that the municipalities will require to enhance services or expand their coverage.

"We're not going to decide on any project, but we want to become an advisory agency for mayors so that they can make their decisions in the area of infrastructure projects," Robayo explained.

Efficiency

As a financial institution the bank wants its clients, that is to say, state-run agencies, to be efficient and fulfill the purposes for which they were created, Eduardo Robayo said.

"The country will grow and become competitive if it has a service infrastructure to do so, and to achieve this goal it needs efficient public agencies that meet this aim," he stated.

He said that another of the objectives of the bank's new strategy is to support and finance the privatization of the public agencies that mayors or governors have decided ought to be privatized.

Acknowledging that most government-run agencies have efficiency problems, Robayo said that none would be ruled out by Banpopular for the purposes of project financing.

"We have to give some breathing room to the state-run enterprises that are in trouble so that they can boost their levels of efficiency, before we make decisions excluding any state-run enterprise," he indicated.

Investment

Eduardo Robayo defended the government's decision to reduce the surcharge on imports and to cut government spending, indicating that the purpose of these moves is to make the State more efficient.

"If spending is cut, there will be more funds for investment, and this is what we are after," he said.

He revealed that in Valle del Cauca Banpopular is financing three billion pesos worth of projects to expand and enhance water, sewerage, and telephone services in most of the municipalities in this department.

"I think that the two big challenges in the 1990's are going to be administrative decentralization and the apertura. Moreover, we realize that industry requires infrastructure for its economic development, and this is why we are earmarking a good part of our funds for the financing of this sort of project," he indicated.

He added that the bank would place particular emphasis on coastal projects, such as on the Pacific, inasmuch as most of the companies that will be formed this decade will be exporters, in keeping with the aim of apertura, and will thus be looking to our coasts.

"But in order for a company, whether domestic or foreign, to establish itself on the coast, it requires appropriate infrastructure, and this is what we are financing, along with the programs designed to strengthen small and medium-sized industry," the president of Banco Popular added.

Peru

Survey Notes Drop in Government's Popularity

PY2510135890 Lima EXPRESO in Spanish 22 Oct 90 p 8

[Text] According to the Analysts and Consultants agency, the popularity of President Alberto Fujimori's government has dropped from good to satisfactory.

According to the agency, 64.8 percent of the people surveyed said the government's management was satisfactory, 20.8 percent said good, 1.8 percent said very good, 8.2 percent said bad, and 2.2 percent said very bad.

Moreover, 53.4 percent claimed the government had not managed to curb inflation, while 38.6 percent said it had.

The report adds that 34.6 percent of those surveyed predicted that the October inflation rate will total between 11 and 15 percent; 23.2 percent said it would be between six and 10 percent; and 21.1 percent said it would be between 16 and 20 percent.

According to the agency, 38.6 percent stated that their economic situation had become worse under Fujimori's government, 21 percent said it was the same, and 17 percent said their economic situation had improved.

Regarding the possible inflation rate for November, 39.8 percent said inflation will be higher than the 13.8 percent recorded in September, while 30.8 percent said it will be the same and 18.8 percent said it will be lower.

Military Issues Communique on Officer's Murder

PY2510133890 Lima Television Peruana in Spanish 0100 GMT 25 Oct 90

[Text] The Armed Forces General Staff issued the following official communique on the cowardly attack on Lieutenant Colonel Oscar Caballero Castillo.

1. Army Lt. Col. Oscar Caballero Castillo was attacked by armed subversive criminals as he left his home at approximately 0815 today. Caballero was shot three times. The criminals left a package containing sticks of dynamite on the pavement before fleeing the scene of the crime in a car.

2. A National Police patrol took Caballero to the Central Police Hospital, where he regrettably died.

3. The forces of order have organized an operation to identify, locate, and capture the perpetrators of this condemnable attack.

Lima, 24 October 1990

Armed Forces General Staff Public Relations Office

Fund Shortage Threatens Nuclear Center

PY2510202190 Lima EL COMERCIO in Spanish 20 Oct 90 p A-9

[Text] The Huarangal Nuclear Center has been producing radioisotopes since March 1990. Radioisotopes are radioactive substances that are used as tracers in medicine, industry, and mining.

The center meets 80 percent of the demand in Lima, and it will soon meet the needs of Trujillo. Radioisotopes were previously imported from Argentina and Brazil.

Frigate Captain Jose Dellepiane Massa, retired, the president of IPEN [Peruvian Institute of Nuclear Energy], has said that "the reactor is not working to capacity. It could supply the whole of Latin America. To meet the Peruvian demand for radioisotopes, the center operates eight hours per day, twice per week, with seven megawatts. The reactor can produce 10 megawatts."

Dellepiane said that the prices are based on the international market. He said: "We cannot charge more than international prices, even if they represent a loss."

He stressed that to be economic, the reactor should run at more than 50 percent of its capacity. To this end we are trying to sign contracts with private companies under which they bring their technology and their scientists to our center. We will provide the infrastructure and the equipment.

Under this plan, which would be an immediate solution to the crisis faced by IPEN, the reactor time would be divided among activities to meet the needs of the country (20 percent), activities to repay the agency's debt through the rendering of services (30 percent), and activities by local or foreign private companies (50 percent).

One may wonder whether the demand in Peru justifies the operation of a sophisticated nuclear technology center. The answer is apparently no, and the national industrial sector provides a good example. Dellepiane Massa said that previously no one wanted to use radioisotopes for gamma radiography and industrial radiography.

He added: "Other countries have found that improving the quality of their product has promoted a change in the mentality of some sectors. This accounts for the current, albeit insufficient, demand."

The "Oscar Miro Quesada de la Guerra-Racso" Huarangal Nuclear Center, the country's largest scientific and technological investment—$110 million—is running the risk of becoming paralyzed because of the lack of resources that it receives from the Treasury and because of the withdrawal of a considerable number of nuclear technicians.

During a round-table meeting with a team of "EL COMERCIO" journalists, Dellepiane Massa said that a $3-million annual budget is necessary to operate a center of this kind. "If no financial resources are obtained within a year, Huarangal will be unable to continue to operate. At present we are receiving so little that we cannot even provide our technicians with the essentials for their work," he said.

The future of the center is certainly not promising at all, considering IPEN's $800,000 debt to the International Atomic Energy Commission.

Fewer Nuclear Technicians

The reduction of the number of nuclear technicians is another major problem for IPEN, which today has 598 employees, 50 percent of whom are working at the Huarangal Nuclear Center.

"Many technicians have left not only IPEN but also the country because working conditions and remunerations are not attractive. A top salary of just 26.5 million intis [time span not given] was introduced for IPEN personnel as of August 1990. It costs more to keep a technician in Peru than it does to train a new one."

Dellepiane admitted that all these difficulties have hindered the operation of the center, adding that the only solution is to make it more profitable. "We are dedicated to the promotion of science and technology. Even though the nuclear center is not an enterprise, it must be managed as an enterprise to guarantee its operation and its use as an instrument for development. We have the necessary equipment," the IPEN president said.

The lack of finances can be immediately resolved by rendering services in the areas of nutrition, agriculture, medicine, industry, and mining.

Offering these services on the local market, however, requires a change in the mentality of the people. They must be encouraged to see nuclear technology as an instrument for development. "The people should understand that nuclear centers are not necessarily linked with nuclear weapons. We are engaged in scientific research, and our main objective is to use nuclear technology to improve the quality of life," Dellepiane said.

The business sector can become the main consumer for the services offered by Huarangal, and the private sector can have access to scientific procedures that will help improve quality and increase profitability and competitiveness in the international market.

Government Issues Decrees To Help Businesses

PY2510150490 Lima Television Peruana in Spanish 0100 GMT 25 Oct 90

[Excerpt] The executive branch has issued three important decrees to help small businesses and cooperatives, with Labor Minister Carlos Torres y Torres Lara making the announcement. One measure creates the National Cooperative Credit Institute [Instituto Nacional de Financiamiento Cooperativo]; the second measure regulates the work of people employed in companies under the cooperative system; and the third simplifies small business tax payments.

Workers employed under the cooperative system will receive two payments that will not be less than two minimum salaries or will be granted job security following negotiations with their company.

The measure simplifying tax contributions by small businesses will help because it establishes a single payment amounting to five percent of total sales. The state will be in charge of distributing a percentage to the Peruvian Social Security Institute and the municipality. The system will also entice many businesses to become legal.

The third decree creates the National Cooperative Credit Institute, which will help small businesses with credits of up to $1,000 to $1,500 and encourage the creation of jobs. Minister Torres said that the Industrial Bank will disburse $10 million to savings and loans cooperatives for this purpose. [passage omitted]

British Citizens Said Kidnapped by Terrorists

PY2510191590 Madrid EFE in Spanish 0620 GMT 25 Oct 90

[Text]—Lima, 24 Oct (EFE)—The Peruvian Government today announced that it does not know the whereabouts of the two British citizens who disappeared about four months ago in a zone infested with narcoterrorists in the northwestern Peruvian jungle. Foreign Minister Luis Marchand said: "We have no accurate information."

On 23 October, a British Embassy spokesman said that witnesses have reported that ornithologists Timothy Andrews, 30, and Michael Allan Entwhite, 29, were kidnapped by an armed group in civilian clothes.

The kidnapping apparently occurred in a place known as the "Owls' Cave," some two km from the city of Tingo Maria, in the heart of the Alto Huallaga zone. This is the Peruvian jungle region most affected by narcoterrorists.

The witnesses were unable to say whether the kidnappers belong to the Maoist Shining Path terrorist organization or to the Guevarist Tupac Amaru Revolutionary Movement, or whether the two ornithologists were kidnapped by hit men of the drug traffickers operating in the region. Some two-thirds of the cocaine consumed in the world comes from this region [as received].

The two British citizens disappeared on 3 June while studying Peruvian jungle birds.

The British Embassy spokesman said that British Charge d'Affaires Robert Low will coordinate a rescue operation in the jungle.

Terrorists Kill Seven in Huancayo 19-20 Oct

PY2510144090 Lima EL COMERCIO in Spanish 21 Oct 90 p A-12

[Text] Huancayo, 20 Oct—Seven people, including two peasant leaders, were murdered by alleged terrorists over the past 24 hours in different locations in Huancayo.

Four members of the community, men and women, were slain by hooded individuals in Pucara District, 15 km south of Huancayo. Yesterday at 2300 terrorists entered the house of Felix Laurente Orellana, 49, a former peasant community leader. He was tortured and then decapitated. The terrorists did the same to his 20-year-old son, Lenin Laurente Jesus.

Also in Pucara District, the terrorists removed Ricardina Romero Medrano, 47, the community's treasurer, and her husband, Julio Sosa Huanhuallo, 52, from their house. The terrorists then took them to Pucara's main square, tortured them, and cut their jugular veins.

Industrial mechanic Esteban Baltazar Silva Tacunan, 63, was also killed this morning.

Pedro de Sano was found dead a few hours later in an open area named Molluna.

It was also reported that merchant Miguel Quispe Pena, 27, and another unidentified 20-year-old merchant were killed last night.

Policeman Killed, Six Injured in Attack

PY2510213890 Lima EL COMERCIO in Spanish 22 Oct 90 p A 11

[Text] Ayacucho, 21 Oct—In Concepcion District, Vilcashuaman Province, 90 km south of Ayacucho, one

policeman was killed and six were wounded in an eight-hour confrontation between seven courageous General Police [PG] agents and several subversives.

The terrorists attacked the local police station with firearms and explosives, from 2100 last night until 0500 this morning. The policemen repelled the attack and kept the terrorists at bay, despite the fact that they were outnumbered.

PG agent Alfredo Siche Zavaleta (23), born in Lima, was killed in this criminal attack, while six others were wounded, including Second Sergeant Wilber Yarasca Yalle, chief of the Concepcion police station—he was blinded in the left eye and the toes of his right foot were broken.

(PG) Corporal Wilber Bernaola Rodriguez, guard Jaime Zanabria Alfaro, and noncommissioned officer Medrano Perez lost their hearing completely and suffered minor injuries in different parts of their bodies.

Guard Eduardo Yurivilca Barreto is mute and has dislocated bones in his legs, while Roberto Anorga Cueva has shrapnel from grenades in his body and a bruised spine. They were all taken to the Police Force hospital in this city today.

Eighty percent of the police station was either destroyed or burned, but the subversives failed to take weapons or ammunition, "although they ordered the policemen to surrender and hand over their weapons."

At the end of the attack, the subversives reportedly withdrew with their dead and wounded, leaving puddles of blood and body parts in the field.

The departmental police command sent reinforcements and, in coordination with local officials and townspeople, decided to set up the police station in another place provided by the community of Concepcion.

Six Terrorists and One Policeman Die in Ayacucho

PY2510165390 Madrid EFE in Spanish 0330 GMT 25 Oct 90

[Text]—Ayacucho (Peru), 24 Oct (EFE)—The national police today reported that at least six alleged Shining Path terrorists and one policeman died last night in an armed clash on the outskirts of Ayacucho, 576 km southeast of Lima.

The police source said that about 20 hooded men used explosives and long-range [largo alcance] weapons during their attack on the police post at the Acchi repeater station, which was being guarded by six policemen.

Confronted by this number of terrorists and weapons, the policemen radioed for help from the adjacent Sachabamba Army base. Reinforcements arrived a few minutes later and killed six terrorists. Twenty-three-year-old policeman Jansen Chung Fernandez died in the attack, and Eusebio Caraza, 22, was seriously injured.

The clash, which lasted several hours, occurred on the second day of the "armed strike;" the name given to the strike under threat of death for those who do not join the strike. The armed strike began on 22 October. During the first day, Shining Path terrorists bombed several high-tension pylons.

On 21 October a group of Shining Path terrorists ambushed and shot dead two policemen.

A congressional commission that analyzes political violence in Peru estimates that the Shining Path terrorist organization, which was created in the Ayacucho region, has claimed the lives of at least 21,000 people and material damage amounting to approximately $19 billion, the equivalent to six years of the Peruvian exports.

Six Embassies, Seven Consulates Closed

PY2510222390 Lima EL COMERCIO in Spanish 20 Oct 90 p A1

[Report by Gladys Bernal Barzola]

[Text] Reliable Foreign Ministry sources reported yesterday that since President Alberto Fujimori's government announced its economic stabilization program, the Foreign Ministry has ordered the closure of six embassies, seven consulates, and one mission to an international organization.

The embassies affected by this austerity program adopted by Prime Minister Hurtado Miller's Cabinet are: Kenya, Zimbabwe, Kuwait, New Zealand, Finland, and the GDR (until its reunification). [as published]

The consulates that were closed are: Guadalajara, Cordoba, Antofagasta, Sidney, Genoa, Rio Branco, and Stockholm, and the mission to UNESCO, in Paris, has been recalled.

Foreign Minister Luis Marchand yesterday expressed hope that these diplomatic missions will be reopened once the country's economic situation is restored. Moreover, he wants to open new embassies according to the demands for Peruvian missions.

It was also reported that Peru currently has 50 embassies throughout the world, 39 consulates, and four representations before international organizations. These do not cover all the 156 countries and small principalities throughout the world.

Regarding the 11 embassies where no ambassador has yet been designated, the minister said that some people have already been designated and that approval procedures are about to be completed.

There are no high-level diplomatic representatives in the following countries: the United States, Mexico, Guatemala, Costa Rica, Panama, Venezuela, Argentina, Chile, Cuba, France, and Switzerland.

Colombian Drug Traffickers Hijack Small Plane

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[Excerpt] It has been reported that a small plane owned by the ATSA Company [not further identified] was hijacked by drug traffickers two months ago on a flight between Lima and Piura. The seven-seater Piper Cheyenne III plane was then flown to Colombia. The pilots, Bonifaz Mejia and Rodolfo Roggero Soto Sole, were released by their kidnappers early on Monday, 15 October. They arrived in Lima the next day in another plane of the ATSA Company. They had been held in a camp in the Colombian forest and are in good health. The objective of the attack was to steal the plane. The incident took place during a flight by seven "Costa Rican tourists" who chartered the plane to take them from the northern city of Piura to Lima and then to Nazca. [passage omitted]

Venezuela

* Mineral Agreement With PRC Signed

91SM0021A Caracas EL UNIVERSAL in Spanish 30 Sep 90 p 3 Sec 2

[Text] Within the context of the accord on scientific and technical cooperation in mining and geological sciences, signed between the Ministry of Energy and Mines [MEM] of Venezuela and the Ministry of Geology and Mineral Resources of the People's Republic of China [PRC] in November 1988, and after friendly talks with representatives of that Asian country, three agreements on cooperation for geological and mineral exploration were signed.

Between 16 and 28 September, a Chinese delegation headed by the assistant director of international affairs, Mr. Sun Renyi; the deputy director of the Aero-Geophysical Studies Center, Cheng Xinyao; Gan Youming, senior geologist in the Henan Province Department of Geology and Natural Resources; Li Xingguo, an exploration geochemist from the Henan Province Department of Geology and Natural Resources; and Qiu Xianghua, a deputy division chief in the Department of International Cooperation, visited our country.

The delegation had an opportunity to visit the Guayana region (basic industries, and iron, gold, and bauxite mines), and the state of Zulia (Guasare coal mines). This enabled it to become familiar with the real current status of the Venzuelan mining industry.

The cooperation agreements call for the interpretation of aeromagnetic data, for which purpose an area of 1,500-2,000 square km will be selected. The work on those data and their geological interpretation will be directed jointly by experts from both sides, using Chinese technology. The Venezuelan side will be required to send the formats for its report to China before the year's end.

Included as a second point is geochemical prospecting, stipulating that one or two Venezuelan geochemists be sent to China in order to obtain a better understanding of that country's technical methods and equipment for chemical prospecting, as well as for field work.

And, finally, there is the preparation of a geological map of the Guayana iron mines. Some experts from the Venezuelan Corporation of Guayana have suggested that this map be devised, and the Chinese side is interested in cooperating with that Venezuelan entity in preparing these important study materials on our iron-rich areas.

Present at the signing of these three cooperation agreements, which took place at the Ministry of Energy and Mines headquarters on 27 September, were the following, representing Venezuela: Dr. Francisco Gutierrez, sectorial general director of mines and geology for MEM; the director of mines, Dr. Eduardo Gomez Fuentes; the director of mining planning and economy, Dr. Sonia Osorio; and the director of the Office of International Affairs, Alberto Valero. Signing as representatives of the Chinese Government were the assistant director of international affairs, Sun Renyi, and other members of the Asian delegation.

* Ex-Military Officers Reject Integration Pact

91SM0021B Caracas EL NACIONAL in Spanish 2 Oct 90 p D-1

[Text] According to sources, a large group consisting of nearly 7,000 officers with retirement status condemned the integration treaties signed on 5 October 1989 by the presidents of Venezuela and Colombia, Carlos Andres Perez [CAP] and Virgilio Barco, respectively, because they would permit free Colombian navigation on Lake Maracaibo and the Gulf of Venezuela. The officers consider these integration pacts an assault on the national sovereignty.

The high-ranking retired officers have declared an emergency, and will meet soon to devise a strategy for public defense of sovereignty, and against the CAP-Barco treaties. For now, they intend to submit their position to the president of the republic, Carlos Andres Perez, and even to the defense minister, Vice Admiral Hector Jurado Toro.

Included among the retired officers condemning the CAP-Barco treaties are: Rear Admiral Ramiro Perez Lucinai; Division General Leonardo Gomez Muno; Brigadier General Etnodio Ruiz; Brigadier General Miguel Lozada Correa; Brigadier General Norberto Barrozo; Division General Leonardo Lopez Munoz; Captain Pablo Lira Hidalgo; Commander Galindez Castillo; Colonel Fidel Parra Rodriguez; and Rear Admiral Luis Rafael Luces Morales.

Guyana

U.S. Funds To Assist Agricultural Sector

FL2510172790 Bridgetown CANA in English 1524 GMT 25 Oct 90

[Text] Georgetown, Guyana, Oct 25, CANA—Guyana and the United States have signed a memorandum of understanding on the use of 220 million dollars (one Guy dollar = 2.2 U.S. cents) generated through the sale of wheat provided on concessional terms under the U.S."PI480" food aid programme.

Some 170 million dollars will go to the Ministry of Agriculture for the rehabilitation and construction of sea and river defences and drainage and irrigation structures. The remaining 50 million dollars will be disbursed through the privately-run Institute of Small Enterprise Development (ISED). The money will allow ISED to continue its loan programme for small businessmen and farmers and to expand its operations to cover more of the country.

Deputy head of Guyana's Department of International Economic Co-Operation (DIEC), Dr. Patrick Kendall who signed the memorandum on behalf of the Guyana Government, said that in the case of funds for the hydraulics department, these will be "a good complement" to money being provided by the European Economic Community (EEC).

U.S. charge d'affaires, Dennis Hays who signed for the U.S. Government said the U.S. is trying to focus on areas likely to yield significant benefits for Guyana and the Guyanese people. He said the rehabilitation of the sea and river defences together with improved drainage and irrigation will go a far way in increasing productivity in the agriculture sector.

Hays looked forward to some 600 small entrepreneurs benefitting from funds being made available through the ISED. He said it was important for Guyana to have a vibrant private sector.

The 220 million dollars represented sales from wheat received this year but monies not used this year will be carried over to 1991.